

# Capital Markets

Strategic outlook on 2024  
insights, recent developments  
and 2025 horizons

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# Introduction

Another year has passed, and we are pleased to present a meticulously crafted report from our Capital Markets experts. This concise document brings together the most significant legislative changes in 2024 and provides a forward-looking perspective on the challenges anticipated in 2025.

We trust that this report will be a valuable resource, providing guidance for your strategic planning and decision-making in the year ahead.



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# 2025 Horizons

## CSSF study on the readiness of the issuers to comply with sustainability disclosures Retail Investment Strategy (RIS)

In December 2024, the CSSF published a study entitled “Transition plans: Preparing for climate change impacts: Fact-Finding Exercise on Issuers’ Sustainability Reporting” (the Study) on the readiness of issuers to comply with sustainability disclosures, as required namely under the corporate sustainability reporting directive (CSRD). The Study draws the attention of issuers to the key points to bear in mind when reporting on transition plans and highlights the challenges faced in the context of this context. This Study provides key information to understand the state of awareness and readiness of the issuers before the publication of their first sustainability reports in accordance with the ESRS (the Sustainability Report).

In particular, the Study focuses on the obligation for in-scope issuers to ensure that their business model and strategy are compatible with the transition to a sustainable economy and the limiting of global warming to 1,5 °C in line with the Paris Agreement under the United Nations Framework Convention on Climate Change adopted on 12 December 2015 and the objective of achieving climate neutrality by 2050 as established in Regulation (EU) 2021/1119 of the European Parliament and of the Council, and, where relevant, the exposure of the undertaking to coal, oil- and gas-related activities, including implementing actions.

Finally, the CSSF emphasises that issuers:

- should not only disclose the result of the materiality assessment but also explain the process itself. The Sustainability Report must cover the same consolidation scope as the financial statements;
- using alternative presentation formats must ensure that their sustainability statement is aligned with the overall presentation objectives.

The CSSF is aware that the CSRD is a stepping stone requiring skills and experience that are not acquired overnight, and it also acknowledges that issuers may need time to build the necessary capabilities and expertise to fully comply with the requirements set out in the CSRD.

## EU Green Bonds Regulation

On 23 October 2023, the Council of the European Union adopted the regulation on European green bonds standards (the EU Green Bonds Regulation). This formal adoption ends a two-year process, from the European Commission’s initial proposal on 6 July 2021 to the provisional agreement reached with the European Parliament (the EP) on 28 February 2023, which was formally adopted by the EP on 5 October 2023. Key elements of the EU Green Bonds Regulation include, among others, (i) some flexibility on the use of proceeds for European Green Bond (EuGB); (ii) the introduction of a safeguard for the alignment of the EuGB with the Taxonomy Regulation; (iii) the application of the technical screening criteria with grandfathering provisions; and (iv) additional disclosure requirements in case of securitisation bonds. The EU GB Regulation is applicable as from 21 December 2024.

# 2024 Insights

## Recent developments

### Blockchain Law IV

The law of 20 December 2024, known as “Blockchain Law IV”, aims at improving the current legal framework for dematerialised securities by taking advantage of new technologies, in particular distributed electronic register and databases. It introduces a new player: the control agent for the issuance of dematerialized securities (the Control Agent). The Control Agent is appointed by the issuer to (i) maintain the issuance account in or through a secure electronic recording device, including a distributed ledger technology or database; (ii) monitor at any time the chain of custody of dematerialised securities held in securities accounts and (iii) carry out the reconciliation between the aggregate amount of securities issued recorded in an issuance account and the sum of securities recorded in the account holders’ securities accounts.

*For more information on this topic, please click [here](#).*

### Commission Delegated Regulation on sustainability disclosures for STS securitisations

The Commission Delegated Regulation (EU) 2024/1700 of 5 March 2024 supplementing Regulation (EU) 2017/2402 (the Securitisation Regulation), entered into force on 8 July 2024 (the Commission Delegated Regulation). It provides for regulatory technical standards (RTS) on the content, methodologies and presentation of information related to the principal adverse impacts of the assets financed by the underlying exposures on sustainability factors for (a) simple, transparent and standardised (STS) non-ABCP traditional securitisation, and for (b) STS on-balance-sheet securitisation.

The Commission Delegated Regulation applies to originators of (i) non-ABCP traditional STS securitisations and (ii) on-balance-sheet STS securitisations where the underlying exposures are residential loans, auto loans, or leases.

The RTS are applied by in-scope originators on a opt-in basis, as an alternative to Article 22(4) and 26d(4) of the Securitisation Regulation, requiring the publication of information on the environmental performance of the assets financed by the underlying exposures. As a result, in-scope originators are able to elect to comply with either (i) the original environmental performance disclosure requirements as set out in Article 22(4) and 26d(4) of the Securitisation Regulation or (ii) the disclosure requirements set out in the RTS.

The primary objective of the RTS is to enhance coherence with the sustainability-related disclosures in financial services as provided for in Regulation (EU) 2019/2088 (the “SFDR”): Although the SFDR is not directly applicable to securitisations as defined in the Securitisation Regulation, originators may be requested to provide relevant information to financial market participants in scope of SFDR who are investing in the relevant securitisation positions and must comply with their SFDR disclosure obligations.

*Read more on this topic by clicking [here](#).*

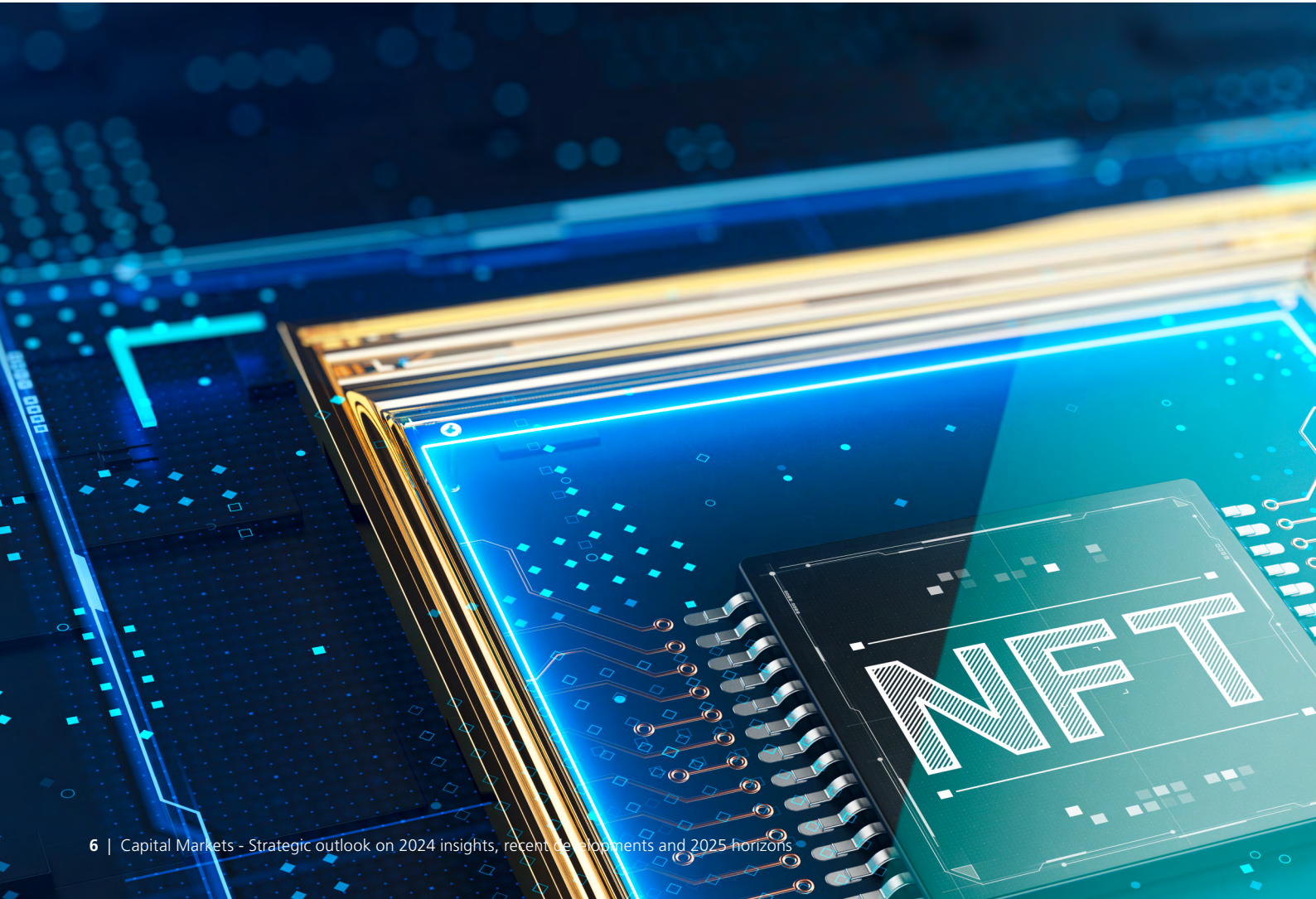
## ESMA's feedback on the proposed review of the securitisation disclosure templates

The ESMA published a feedback statement on 20 December 2024, in which summarises the responses it received to its consultation paper published on 21 December 2023 on the securitisation disclosure templates under the article 7 of the Securitisation Regulation (the Feedback Statement).

The Feedback Statement provides a detailed analysis of stakeholder feedback on the costs and benefits of revisiting the current disclosure framework, according to four (4) possible implementation options suggested in the consultation paper: (a) this option recommends delaying any change to the disclosure templates until the next review of the Securitisation Regulation, (b) this option proposes to introduce a few improvements to the current framework, taking into account the needs and interests of current active users, (c) this option suggests to streamline some elements of the framework, with a focus on private transactions, in order to reduce the burden on reporting entities and improve the use of securitisation data for additional reporting, and (d) this option recommends a comprehensive review of the whole framework to enhance its effectiveness).

The respondents acknowledge the necessity for further improvements to the securitisation transparency regime, yet they recommend postponing the revision of the template due to concerns about its timing in relation to the broader review of Securitisation Regulation.

Stakeholders have requested ESMA to prioritise short-term solutions that tackle the industry's most urgent challenges, namely the regulatory compliance costs and the need for a simplified template for private securitisations.



# Discover more key takeaways from 2024 for a seamless experience in 2025

## Looking back over 2024

- Funds' names using ESG and sustainability-related terms
- Greenwashing
- Listing Act
- New AML Package
- ELTIF RTS
- New RCS filing requirements
- CSSF supervisory priorities in sustainable finance
- ESG ratings
- CSSF Circular 24/853 on the revised long form report for investment firms
- CSSF Circular 24/854 on guidelines for the collective investment sector on the AML/ CFT Summary Report RC
- Adoption of MiFID 3 and MiFIR 2 to enhance transparency on markets in financial instruments
- CSSF Regulation 24-01 and Circular 24/847 on ICT-related incident reporting
- EMIR Refit and EMIR 3
- New regime on non-performing loans
- CSSF clarification regarding controls to be implemented by Luxembourg depositaries in relation to AIFs investing in illiquid assets
- FATF's high-risk jurisdictions and jurisdictions under increased monitoring
- The EU AI Act
- ESAP
- CSSF thematic review on the delegation of the portfolio management function by IFMs
- Single company group

## Looking ahead to 2025

- Retail Investment Strategy (RIS)
- AIFMD II and RTS
- Loan-origination regime under the AIFMD II
- Luxembourg's new accounting law
- Reform of Circular 02/77 on NAV calculation errors and investment breaches
- Sustainable finance
- Implementation of the UK Overseas Fund Regime
- Review of UCITS eligible assets directive
- DORAreport for investment firms
- Bill of law 7961 on RBE
- ESMA to collect data on costs charged by AIFs and UCITS
- SFDR Level 1
- SFDR Level 2
- MiCAR
- CSRD
- Partial liquidation - Redemption of (classes of ) shares

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## Industry players

CMS Luxembourg lawyers are at the forefront of the discussions by actively engaging as members within influential organizations such as **The ICMA, LuxCMA, ABBL,** and the **LHoFT**.

## Tailored Digital Assets Expertise



The CMS Digital Assets team brings together the strengths of market-leading legal practices (including Investment Funds, Capital Markets, Regulatory and Tax) with industry knowledge. This enables the team to serve the full spectrum of players in the Digital Assets market, including the largest retail and investment banks, Fintech companies, Funds and their managers, investors, and the smaller start-ups.

## Sample of recent landmark deals

### **Imagine Impact Bonds SV**

Advising on structuring a securitization platform to enhance investment in impact projects and elevate ESG and impact management standards.

### **Blochome**

Advising on the incorporation and STO of a platform enabling fractional real estate ownership.

### **Blocktrade**

Advising this digital asset trading platform on the largest crowdfunding in Luxembourg. The company raised over €22M in an oversubscribed Series A round of funding, with over 6,000 investors across Europe.

### **Sequoia**

Advising a UK major asset manager on the set-up of a non-regulated Luxembourg securitisation vehicle as well as related financing transactions.

### **Quantumrock GmbH**

Advising a German investment firm on the set-up of a non-regulated Luxembourg securitisation vehicle, as well as assisting in the issuance and listing of asset-backed debt certificates

### **Aquila Group**

Advising investment and asset development company in the structuring and listing of high yield and return notes.

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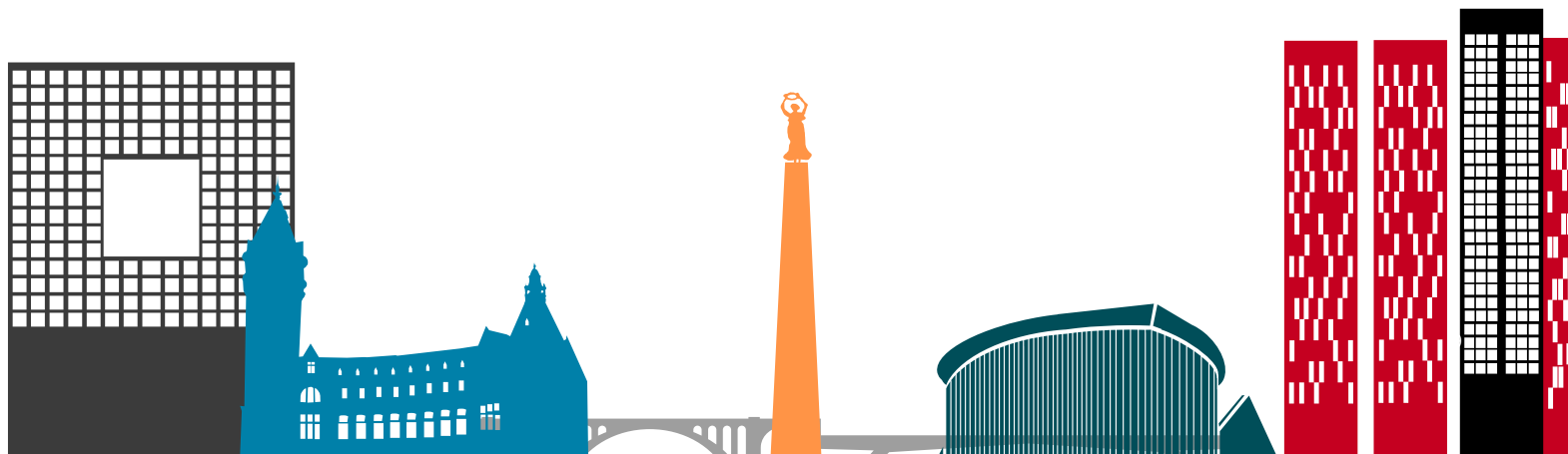
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