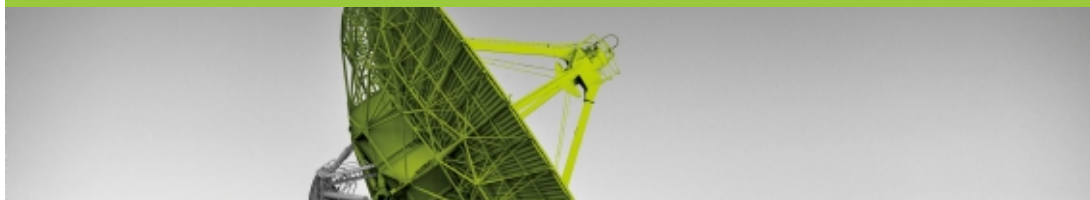


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Luxembourg Newsflash - 1 December 2021

## Virtual assets: CSSF guidance and FAQs

“may we invest in crypto? yes we can”

Further to its recent communications on financial innovation, the CSSF has just published highly interesting guidance on virtual assets with a focus on the investment fund sector

Further to its recent communications on financial innovation, the *Commission de Surveillance du Secteur Financier* (the « **CSSF** ») has just published highly interesting guidance on virtual assets with a focus on the investment fund sector.

In a nutshell, the CSSF stated that :

- UCITS and UCIs addressing non-professional investors and pension funds may not invest directly or indirectly in virtual assets ;
- AIFs marketing their units only to professional investors and having an authorised AIFM the authorisation of which extends to the strategy “Other-Other Fund Virtual assets” may invest directly and indirectly in virtual assets.

The CSSF has stressed that supervised entities involved in virtual asset activities should consider the risks and benefits associated with virtual assets (e.g. volatility, liquidity, reputation, etc.) in relation to their existing business model and risk appetite in terms notably of due diligence policies, internal governance arrangements, but also in relation to applicable financial risk mitigation requirements related to the combat against money laundering and terrorism financing.

To this end, entities should, in particular, closely monitor and adapt their activities to any regulatory developments on virtual assets (including foreseeable regulatory developments such as those of the forthcoming European Regulation on Markets in Crypto Assets (MICA) that have an impact on their investments and their investors.

Finally, professionals should proactively engage with the CSSF when planning any activity involving virtual assets and, where applicable, submit a complete application file for registration as a virtual asset service provider before starting the activity.

**For more information on the regulatory regime applicable to investments in virtual assets or should you wish to engage in such activities, please do not hesitate to contact us.**

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