

# Cracking the code: transforming prospectus review through regulatory tech at Arendt

In the complex world of financial services, prospectus review remains one of the most intricate and often challenging obligations facing fund initiators, lawyers, and compliance professionals. With regulatory requirements continuously tightening under EU law, the pressure to deliver compliant, precise, and timely documents has never been greater.

But as many in the industry are learning, the solution to these escalating challenges may lie not in increased human effort, but in a smarter, technology-enabled process. This is precisely where Arendt's latest initiative aims to make its mark.

## The regulatory backdrop: from manual review to digital mandates

Luxembourg's Commission de Surveillance du Secteur Financier (CSSF) recently introduced a pivotal procedural shift: e-identification of prospectuses via eDesk, replacing the long-standing "visa" review procedure. This isn't just an administrative change - it represents a more profound evolution in how regulatory bodies are aligning with broader digital transformation goals.

Traditionally, submitting a prospectus involved a labour-intensive workflow, with repeated manual validation steps between law firms, clients, and the CSSF. Under the visa regime, every draft prospectus was emailed to the CSSF for prior review, and vague disclosures or even non-material edits could trigger requests for clarification, bouncing documents



back into review cycles for days, if not weeks.

Now, under the CSSF's e-identification framework, every submission must pass through a structured digital process and the CSSF has clarified its expectations: each prospectus filed digitally must be compliant with applicable laws and regulations, and the managing body of the fund is responsible for ensuring that compliance. This procedural shift is creating a ripple effect, prompting firms to reassess how they manage compliance and submissions from end to end.

## Arendt's response: engineering efficiency into compliance

Rather than treating today's world of ever-changing requirements as a compliance burden, Arendt has re-engineered its internal review process to turn the challenge into a value proposition. Its newly launched practice of issuing a compliance certificate before a prospectus is filed digitally is more than just a service upgrade - it is a systematic approach to enhance prospectus review that merges legal expertise with process automation and document intelligence.



At the heart of Arendt's solution is a semi-automated validation engine designed to detect regulatory inconsistencies and non-compliance before submission. This isn't generic automation, it is specifically tuned to detect discrepancies across UCITS, comparing them against, *inter alia*, the latest Luxembourg and European legal framework. Legal teams upload the draft documents and deliver structured feedback highlighting areas of potential non-compliance or ambiguity.

This shift towards "compliance engineering" does not eliminate the role of legal expertise; it enhances it. Lawyers are freed from low-value, repetitive checks and can instead focus on nuanced legal judgements. Meanwhile, clients benefit from faster turnaround times, and a smoother path to market.

## Core capabilities: what the enhanced service offers

Arendt's prospectus review service now encompasses several integrated features that reflect the investment fund industry's move towards digitalisation:

**- Pre-Submission Diagnostics:** The system enables diagnostic checks on draft prospectuses,



flagging deviations from legal or regulatory requirements, including CSSF FAQs. For example, the reviewer will be made aware if a disclosure lacks the depth expected for certain asset classes as compared to Luxembourg market practice.

**- Versioning Intelligence:** Integrated version control is able to track changes across draft iterations, enabling more transparent collaboration between fund managers' operational teams and Arendt.

**- Smart Tagging and Structuring:** The tool identifies key structural elements of the document (e.g. risk factors, investment policies) and ensures they align with the content generally expected by the CSSF.

**- Real-Time Regulatory Updates:** A built-in knowledge base updates in sync with the latest legal and regulatory requirements.

## Digital compliance, human oversight

What sets Arendt's solution apart from a purely automated workflow is its hybrid model. Rather than leaving users to decipher output from a black-box algorithm, every automated review is followed by a compliance certificate issued by Arendt's UCITS team. This "dig-



ital plus legal" model ensures that context-sensitive issues—such as whether a disclosure on sustainability risks meets expectations under the SFDR—receive the expert attention they require.

## Training and ecosystem support

Technology alone doesn't solve regulatory challenges, people must also understand and trust it. To support adoption, Arendt focuses on core aspects, covering:

- Which disclosures may trigger a CSSF challenge
- What kind of disclosure is required in a specific situation and the regulatory practice applicable in Luxembourg at the time

The system is designed to integrate with clients' existing document management platforms, with no need to overhaul internal systems or processes with their legal counsel. The philosophy is one of augmentation, not disruption.

## The broader implications: RegTech as legal infrastructure

What Arendt has developed is emblematic of a larger shift in the

compliance landscape: digitalisation is becoming part of legal infrastructure. As regulations become more granular and less tolerant of ambiguity, law firms and service providers are increasingly expected to offer scalable, tech-driven solutions.

Arendt's enhanced review process illustrates how such solutions can be rolled out without compromising legal rigour. Rather than treating technology as an add-on, we have embedded it directly into the legal service chain. This positions clients to both meet today's regulatory demands and future-proof their compliance operations in an increasingly digitised ecosystem.

## Conclusion: compliance as a competitive advantage

By reimagining how prospectuses are reviewed, Arendt is rethinking how legal compliance is approached in Luxembourg and beyond. This enhanced service offers a blueprint: one where technology amplifies human expertise, where compliance becomes faster and more reliable, and where being "ready for review" is no longer a mad rush, but a structured, auditable process.

In a financial environment defined by speed, complexity, and ever-changing rules, the ability to "crack the code" of regulatory compliance will make the difference going forward.

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