



## NEWSFLASH

# Adoption of Bill of Law 7961 Brings Key Amendments to Luxembourg RBE and RCS Laws

On 19 December 2024, the Luxembourg Parliament adopted (with exemption from second constitutional vote) Bill of Law 7961, which introduces significant changes to the laws governing the Register of Beneficial Owners (RBE) and the Luxembourg Trade and Companies Register (RCS). This landmark reform is designed to enhance the integrity, transparency, and administrative efficiency of these registries, which are cornerstones of Luxembourg's corporate regulatory landscape. Below, we provide a detailed analysis of the key changes and their implications for entities and stakeholders.

## STRENGTHENING THE RCS: ENHANCING DATA ACCURACY AND OVERSIGHT

### 1. Automated cross-validation with national databases

Under the new law, the RCS will implement systematic cross-checks of its data with other authoritative national registries, including the National Registry of Natural Persons (RNPP) and the Register of Localities and Streets. This innovation aims to:

- **Ensure consistency:** for example, discrepancies between a company's registered address in the RCS and the RNPP will be flagged and corrected without requiring additional administrative action from the entity.

- **Reduce errors:** automated updates will propagate changes recorded in source registers to the RCS, ensuring data remains current across platforms.

This cross-validation mechanism underscores a commitment to maintaining the highest standards of data reliability while simplifying compliance obligations for businesses.

### 2. Proactive monitoring and "automatic registration" mechanism

The RCS administrator is empowered to adopt a more proactive role in monitoring and updating registry data. Notably:

- **Post-registration audits:** periodic reviews of RCS entries will verify their accuracy and completeness.
- **Automatic updates:** where discrepancies arise, such as a name change recorded in the RNPP for a company director/manager, the RCS will automatically reflect this update without awaiting formal notification from the company.

This streamlined approach reduces administrative bottlenecks while ensuring that registry data remains accurate and up-to-date.

### 3. Obligation to report missing or erroneous Data

The law introduces a new obligation for agents of the State, municipalities, or public institutions to report any missing or erroneous information they identify in the RCS while performing their official duties.

While the bill of law does not attach any penalty to this obligation, the legislator emphasizes that this does not undermine its utility, as the primary objective is to ensure that relevant information is fed back by actors who frequently have a more comprehensive view of the entities whose data they consult. This approach aims to further enhance the accuracy and reliability of the recorded data.

### 4. Active monitoring policy for RCS data

In addition to the initial checks conducted at the time of filing, the RCS administrator is empowered to perform retrospective audits of the database. This includes contacting registered entities to verify the accuracy of their information and requesting additional supporting documentation where necessary. This proactive approach ensures the ongoing reliability of the registry.

### 5. Expanded administrative powers for compliance enforcement and sanctions

The RCS administrator is empowered to conduct post-registration reviews to ensure compliance with disclosure requirements. To ensure that entities meet their RCS obligations, the reform grants the RCS administrator significant new powers, including:

- **Requesting additional information:** entities may be asked to provide supporting documentation to justify their filings.
- **Issuing formal notices:** entities found to be non-compliant will receive a registered letter demanding rectification within 30 days.

- **Imposing administrative sanctions and measures:** persistent non-compliance can lead to the following sanctions:

- ✓ **Public notices:** a “name and shame” approach may be adopted for entities under investigation with publication of the default on the RCS website on the page relating to the defaulting entity.
- ✓ **Certificates of non-compliance:** the RCS administrator may issue certificates for entities failing to meet their obligations.
- ✓ **Daily penalties:** persistent violations can result in fines of €40.
- ✓ **Deregistration from the RCS**
- ✓ **Referrals to the Public Prosecutor:** cases of egregious non-compliance may be escalated for potential legal action.

These measures are designed to encourage timely compliance while maintaining the integrity of the RCS.

### 6. Interconnection with the RBE

Recognizing the overlap between the RCS and RBE, the new law establishes an integrated data-sharing framework between the two systems. This will:

- Simplify administrative processes for entities by allowing data entered in one registry to populate the other automatically.
- Enable more effective oversight through comprehensive and unified datasets.

The interconnection marks a significant step forward in reducing redundant reporting obligations and enhancing regulatory coherence.

## 7. New RCS filing requirements

The new law introduces several new requirements for filings with the RCS, including:

- **Personal Identification Information:** registered natural persons must now provide their Luxembourg national identification number (LNIN) and gender. For further details on that matter, please refer to our article “New Filing Format and Requirements to the Luxembourg RCS: Prepare for 12 November 2024” available [here](#).
- **Email addresses:** entities and individuals registering with the RCS must include an email address, where applicable.
- **Registration of RAIF managers:** reserved alternative investment funds (RAIFs) that are not structured as commercial companies, special limited partnerships, or common funds must now include information about their managers when registering.
- **Standardized information:** the new law standardizes the identification data required for natural persons and entities, ensuring consistency across filings.

## 8. Expanded scope of registration

The new law broadens the range of entities subject to RCS registration, including:

- **Reserved Alternative Investment Funds (RAIFs)** not previously required to register.
- **Luxembourg branches** of individual traders established locally or abroad.

## REFORMING THE RBE: BALANCING TRANSPARENCY AND PRIVACY

### 1. Revised access framework following CJEU ruling

The reform directly addresses the implications of the 2022 ruling by the Court of Justice of the European Union (CJEU), which found that

public access to RBE information constituted an undue infringement on privacy rights as defined under Articles 7 and 8 of the Charter of Fundamental Rights of the European Union. Consequently, public access to RBE data via the Luxembourg Business Registers (LBR) portal was temporarily suspended.

The access was subsequently reinstated in two phases:

⇒ **16 December 2022 for Professionals:** starting 16 December 2022, professionals specified under Article 2 of the amended law of 12 November 2004 relating to AML and CFT were granted access. These professionals include:

- Credit institutions and financial sector professionals (PSFs) licensed in Luxembourg.
- Insurance companies authorized to operate in Luxembourg.
- Other financial institutions operating in Luxembourg.
- Approved statutory auditors and audit firms.
- Accountants.
- Notaries.
- Lawyers.

Access for these professionals requires signing an agreement with the LBR or submitting a specific access request form. These professionals are granted access to all data except for sensitive information such as private addresses and identification numbers of beneficial owners.

⇒ **20 December 2022 for Journalists:** access was also granted to professional journalists, as defined by the amended law of 8 June 2004 on media freedom. Under a convention signed on 20 December 2022 between the LBR and the Luxembourg Press Council, professional journalists with valid press cards may access RBE information.

It should also be noted that the competent **national authorities** have, and continue to have, dedicated access via an intranet portal, enabling them to carry out their duties in the fight against money laundering and terrorist financing.

At this stage, these are the only people who have access to the RBE (apart from the registered entities themselves, which have access to their own information).

#### **Future access provisions under the new law**

Upon the entry into force of Bill 7961, access to the RBE will be granted to the following categories:

- **National Authorities** for the exercise of their official duties.
- **Professionals** as part of their due diligence obligations under AML/CFT rules with respect to their clients, including in relation to entities with which their clients are likely to enter into a transaction and which wish to prevent any link between such a transaction and money laundering, its underlying offences or terrorist financing.
- **Self-regulatory bodies** performing oversight and monitoring roles in AML/CFT contexts.
- **Persons demonstrating legitimate interest** in AML/CFT contexts. These persons include (without the list being exhaustive):
  - ✓ Professional journalists established in EU Member States.
  - ✓ Non-profit organizations based in the EU focusing on AML/CFT.
  - ✓ Persons seeking to verify beneficial owners of entities with which they intend to transact.
- **Public services**, such as state administrations and public establishments with legal provisions enabling access.

National authorities will retain unrestricted access to all details of beneficial owners, while other professionals and legitimate interest parties will have access to a reduced set of information that excludes sensitive personal data.

#### **2. Enhanced monitoring and compliance measures**

In line with the RCS reforms discussed above, the RBE administrator is empowered to conduct post-registration reviews to ensure compliance with disclosure requirements, applying a similar regime to that outlined for the RCS.

#### **3. Simplification through interconnected registries**

The interconnection with the RCS also benefits the RBE by allowing certain data points, such as information on legal representatives, to be automatically synchronized. This reduces duplication and simplifies compliance processes for entities.

#### **ENTRY INTO FORCE**

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The provisions of Bill of Law 7961 shall come into force on the first day of the month following its publication in the Official Journal of the Grand Duchy of Luxembourg.

As the bill was exempted from the second constitutional vote, it should be published in the Official Journal quite shortly.

#### **IMPLICATIONS FOR STAKEHOLDERS**

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The adoption of Bill 7961 represents a significant shift in the regulatory environment for Luxembourg entities. Key takeaways include:

- **Improved efficiency:** automated updates and interconnected registries reduce administrative burdens and streamline compliance workflows.

- **Enhanced oversight:** proactive monitoring ensures that entities maintain accurate and up-to-date information in the RCS and RBE.
- **Stronger penalties:** entities must be vigilant in meeting their compliance obligations to avoid financial penalties, deregistration, or legal action.
- **Targeted transparency:** the revised RBE access framework strikes a balance between the need for transparency and the protection of individual privacy rights.

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For more information, please contact:



**Selim SOUISSI**

**Partner**

Corporate & Regulatory, Corporate & Transactional, M&A, Private Equity

+352 26 383 350 42

[sso@vdbl.com](mailto:sso@vdbl.com)



**Jérémy DA SILVA REIS**

**Senior Associate**

Corporate & Regulatory, Corporate & Transactional, M&A, Private Equity

+352 26 383 350 45

[jds@vdbl.com](mailto:jds@vdbl.com)



**Dalva GIRARD TEIXEIRA**

**Associate**

Corporate & Regulatory, Corporate & Transactional, M&A, Private Equity

+352 26 383 350 36

[dgt@vdbl.com](mailto:dgt@vdbl.com)

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