More controls around the Luxembourg business registers: What you need to know

To improve the quality and reliability of data and to standardize information to support oversight and compliance, the Luxembourg legislator has enhanced controls around Luxembourg's Trade and Companies Registers. ***Sean Barrett*** *outlines the key changes which now apply and how your operations should be adapted to align with the new requirements.*

Recent updates to the Luxembourg business registers mean that anyone registered to a Luxembourg entity must now disclose their Luxembourg National Identification Number (LNIN), as well as additional identification requirements, to the Trade and Companies Register (RCS).

The changes, brought about by the Luxembourg legislator, are effective from February 1 2025, and will impact fund managers' operations and compliance. They aim to improve efficiency by reducing the administrative burden across the industry by connecting all relevant databases using a business entity's LNIN, allowing the automatic update of all registers and databases connected by its identification number.

This streamlining and modernizing of the process will enhance compliance and increase transparency by harmonizing the information across business registers, strengthening anti-money laundering (AML) efforts and aligning to international standards.

Going forward, fund managers and administrators must ensure that records are accurate to maintain the integrity of the RCS and RBO databases, which supports efforts to monitor money laundering and terrorism financing activities. To do this, entities must keep files up to date and provide additional identification information when requested to do so. If entities fail to respond to requests in a timely way, they will face possible financial penalties and could even be removed from the register.

Key changes:

The new law introduces the need for additional identification requirements for individuals and entities registered with the RCS. These include:

- Nationality
- Country of residence
- Luxembourg National Identification Number (LNIN) **– read about this requirement here**
- Gender
- Email address
- Date and place of birth
- Address, in certain cases

As of November 12 2024, all directors of Luxembourg-based entities had to have a LNIN. We recently published an article highlighting the importance of doing this and these amendments are another building block on top of this, to further modernize and streamline the tracking and record-keeping system.

Automatic updates:

Registered persons and entities are responsible for keeping their files up to date by notifying the RCS manager of any changes. This requirement can be outsourced to a service provider such as Aztec. However, the RCS manager can now directly update the RCS or RBO based on information from other registers. For example, if a Luxembourg national changes their surname in the National Register of Natural Persons (RNPPB), it will automatically be updated in the RCS or RBO without the person needing to take any action.

Even if a positive consequence of this change is that the administrative burden for minor amendments is reduced, it comes with an additional obligation as entities will need to ensure that any changes are communicated proactively to the registers, to avoid penalties.

Additionally, the new interconnection of the RCS and RBO databases enables automatic data checks, and this will place the onus on entities to maintain the integrity of their data to align with these checks. This will require robust oversight and is one of the ways in which an experienced administrator, such as Aztec, can offer support.

Monitoring and sanctions:

The RCS manager will actively monitor the data within the register and can request evidence to confirm the accuracy of entries. If errors are found, the concerned person will receive a registered letter requesting rectification. Failure to adhere to these requirements can result in severe sanctions, including:

- Daily penalties of up to €40 per day can be imposed for non-compliance
- The person or entity could be at risk of being automatically removed and de-registered from the RCS.
- A post on the register's website naming the entity and informing others that the file is not up to date.
- The issue of certificates attesting to the observed deficiencies.

To avoid these sanctions, it is critical for fund managers to ensure that their records are regularly maintained and kept up to date.

Steps that fund managers must take:

Fund managers must either take steps to put systems in place to manage this additional layer of compliance or partner with an experienced service provider to support this function. Aztec has a strong internal control system to support these systems for fund managers. For further assistance or information, please contact us below.



