

# New rules on corporate governance

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Since 1 January 2021, new rules on corporate governance, as set out in two recent CSSF circulars, have applied to Luxembourg based banks and investment firms.

For banks, Circular CSSF 20/759 updates key Circular 12/552 on central administration, internal governance and risk management to reflect the most recent thinking on good corporate governance and guidelines of the European Banking Authority.

In recent communications, the CSSF has underlined that there is a grace period for the implementation of rules by local banks until the end of the year. An FAQ is available on the CSSF's website discussing its answers to a number of questions regarding practical implementation (see [link here](#)).

As far as investment firms are concerned, Circular CSSF 20/758 applies from now on. It broadly covers the same topics and principles as Circular 20/759 but adapts some requirements to investment firms.

Amendments to the latter Circular could be expected to take account of the new prudential regime for investment firms resulting from Regulation (EU) 2019/2033 and Directive (EU) 2019/2034. The new prudential regime is introduced because the current CRR/CRD IV regime, which applies to both credit institutions and investment firms, focuses on typical banking risks and is viewed as not adapted to the risks run by investment firms. It will apply from 26 June 2021. In Luxembourg, the new regime is implemented through Bill 7723, which purports to modify a number of laws affecting the financial sector, and in particular the amended Law of 15 April 1993 on the financial sector.

Please read more on the two Circulars and the new corporate governance rules in our Newsflash [here](#).

For any further information please contact us or visit our website at **[www.elvingerhoss.lu](http://www.elvingerhoss.lu)**.

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