

## The RBE and RCS Laws: Key Amendments and Compliance Implications for Luxembourg Companies



19 December 2024 marked the adoption, by the Luxembourg Parliament, of bill of law 7961 (the “Law”) that introduces amendments to the law of 13 January 2019 as it relates to the establishment of a register of beneficial owners (the “RBE Law”) and the law of 19 December 2002 concerning the trade and companies register and the accounting and annual accounts of companies (the “RCS Law”). This publication will focus on the key amendments of the Law and its implications on companies duties in respect of the Luxembourg Register of Beneficial Owners (the “RBE”) and the Luxembourg Trade and Companies Register (the “RCS”). The Law is in force as of 1st February 2025.

## Purpose of the Law:

The Law aims to align regulatory requirements with current practices, enhance the quality of information, and equip the administrators of the RCS and RBE with improved resources to actively monitor registered persons and entities, ensuring compliance with registration and filing obligations.

Furthermore, the Law designates the Luxembourg Business Register (“LBR”) as the administrator of the RCS and RBE, granting it enhanced supervisory and enforcement powers to oversee registered individuals and entities, ensuring compliance with their registration and filing obligations.

## Key Changes to the RBE Law:

Following the European Court of Justice’s decision of 22 November 2022, which declared unrestricted public access to the RBE unlawful, the Law establishes a clearer and more structured approach to determining who may access the register. While financial professionals and national authorities retain access for AML/CFT compliance, the Law defines additional categories of entities with a legitimate interest in obtaining RBE data. Notably, journalists, whether based in Luxembourg or within the European Union, are expressly permitted to consult the register in support of their investigative work. Likewise, organisations demonstrating a concrete interest in AML/CFT matters may also be granted access.

Furthermore, the Law affirms that professionals conducting due diligence in line with AML/CFT regulations are entitled to consult the RBE. This provision enables them to assess the credibility of clients and counterparties, reducing the risk of exposure to money laundering, predicate offenses, or terrorist financing. While general public access is no longer permitted, the updated legal framework ensures that those with a legitimate need for this information can still obtain it under defined conditions.

## Key Changes to the RCS Law:

The recent amendments to the RCS Law introduce several significant changes aimed at enhancing the accuracy, transparency, and oversight of registered entities and individuals. Natural persons registered in an entity’s file with the RCS are now required to provide personal identification details, including their Luxembourg national identification number (LNIN) and gender. Additionally, reserved alternative

investment funds (RAIFs) that do not qualify as commercial companies, special limited partnerships, or common funds must now register with the RCS, and information regarding their managers must be recorded upon registration.

Further updates include the mandatory provision of an email address, where applicable, for both natural persons and entities registering with the RCS, as well as a new registration obligation for Luxembourg branches of individual traders, whether established domestically or abroad. The amendments also introduce standardized identification requirements for both natural persons and entities to ensure consistency in registration data.

To improve administrative efficiency and data integrity, the RCS and RBE databases will now be interconnected, facilitating streamlined processes. Additionally, the RCS manager is now responsible for verifying the accuracy of registered information against other national databases, actively monitoring filings, and requesting supporting documents when necessary. This role extends to collecting statistical data and ensuring that all registered information remains complete, accurate, and up to date.

To further strengthen compliance, the RCS manager is equipped with new tools to oversee and support registered entities. These include both incentive and coercive measures to encourage timely updates to records, with serious non-compliance cases subject to reporting to the Public Prosecutor.

## Implications of Non-compliance with the Law:

The revised enforcement framework grants the administrator of the RCS and RBE expanded authority to impose administrative sanctions and measures in cases of non-compliance. Following a 30-day warning via registered mail, non-compliance notices may be publicly displayed on the administrator’s website. Additionally, the administrator may issue certificates attesting to an entity’s non-compliance and impose financial penalties, including an administrative fine of EUR 3,500 (or EUR 250 for non-profit associations and foundations, as applicable under the RCS). The administrator of the RBE is further empowered to impose daily penalties and, in severe cases, remove a person or entity from the RCS without triggering dissolution or loss of legal personality.

Entities that subsequently rectify their compliance status may have certain sanctions lifted, including the removal of public notices, certificates of non-compliance, and daily penalties. These administrative sanctions operate alongside existing criminal penalties, with certain violations subject to criminal liability only if committed knowingly. Furthermore, affected entities retain the right to appeal any such measures before the administrative courts.

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