Commission de Surveillance
du Secteur Financier

Circular CSSF 25/901

relating to specialised investment funds, investment companies in risk capital and undertakings for collective investment subject to Part II of the Law of 17 December 2010

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To all specialised investment funds (SIFs), investment companies in risk capital (SICARs) and undertakings for collective investment governed by Part II of the Law of 17 December 2010 (Part II UCIs), and to all the persons involved in the functioning and control of these funds.

Luxembourg, 19 December 2025

Ladies and Gentlemen,

This circular is part of a broader effort towards modernisation, clarification and simplification.

With a few exceptions, the circular is intended for all investment funds that are subject to an authorisation by the Commission de Surveillance du Secteur Financier (hereinafter "CSSF") pursuant to the Law of 13 February 2007 relating to specialised investment funds, the Law of 15 June 2004 relating to the investment company in risk capital or Part II of the Law of 17 December 2010 relating to undertakings for collective investment.

The circular repeals Circulars CSSF 02/80, CSSF 07/309, CSSF 06/241 and Chapters G and I of Circular IML 91/75 and renders the provisions of Circular CSSF 08/356 as well as Chapter H of Circular IML 91/75 inapplicable to Part II UCIs. It replaces these circulars while maintaining their core principles, but adapting them to the practical experience gained since their publication. It brings together all the provisions into a single text while ensuring consistency in the terminology used. It provides flexibility depending on the type of investor targeted and allows the CSSF to grant derogations based on a duly motivated justification.

The circular does not call into question the rules adopted by the funds or compartments authorised by the CSSF before the date of entry into force of this circular.

Without prejudice to the provisions above and point 50 of this circular, the CSSF expects the directors (*dirigeants*) of SIFs, SICARs and Part II UCIs, as well as the persons involved in the functioning, management and control of these funds, to ensure, within the scope of their respective responsibilities, that the SIFs, SICARs and Part II UCIs concerned comply with the provisions of this circular.

For the illustration of the general concepts underlying this circular, reference is made to the document entitled "*Compilation of the key concepts and terms used in the area of investment funds other than UCITS and MMFs and how the CSSF understands them*" (updated on a regular basis).

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1. Definitions and abbreviations

For the purposes of this circular, the following definitions apply:

Circular CSSF 02/80: Circular CSSF 02/80 on specific rules applicable to Luxembourg undertakings for collective investment (UCIs) pursuing alternative investment strategies.

Circular CSSF 06/241: Circular CSSF 06/241 on the concept of risk capital under the SICAR Law.

Circular CSSF 07/309: Circular CSSF 07/309 on risk-spreading in the context of specialised investment funds.

Circular CSSF 08/356: Circular CSSF 08/356 on the rules applicable to undertakings for collective investment when they employ certain techniques and instruments relating to transferable securities and money market instruments.

Circular IML 91/75: Circular IML 91/75 (as amended by Circulars CSSF 05/177, 18/697, 21/790 and 22/811) on the revision and remodelling of the rules to which Luxembourg undertakings governed by the Law of 30 March 1988 on undertakings for collective investment are subject.

AIFMD: Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers, as amended.

UCITS Directive: Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS), as amended.

Sales document: the prospectus for Part II UCIs and SICARs, and the offering document for SIFs.

ELTIF: a European long-term investment fund within the meaning of Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds, as amended.

EuVECA: a European venture capital fund within the meaning of Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds, as amended.

EuSEF: a European social entrepreneurship fund within the meaning of Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds, as amended.

SIF: a specialised investment fund subject to the SIF Law.

AIF: an alternative investment fund within the meaning of the AIFMD and the AIFM Law.

Well-informed investor: a well-informed investor as defined in the SIF Law or in the SICAR Law.

Unsophisticated retail investor: a retail investor as defined in the AIFMD and in the AIFM Law, who does not meet the criteria of a well-informed investor as defined in the SIF Law or in the SICAR Law.

Professional investor: a professional investor as defined in the AIFMD and the AIFM Law.

AIFM Law: the Law of 12 July 2013 on alternative investment fund managers, as amended.

SIF Law: the Law of 13 February 2007 relating to specialised investment funds, as amended.

UCI Law: the Law of 17 December 2010 relating to undertakings for collective investment, as amended.

SICAR Law: the Law of 15 June 2004 relating to the investment company in risk capital, as amended.

MMF: a money market fund within the meaning of Regulation (EU) 2017/1131 of the European Parliament and of the Council of 14 June 2017 on money market funds.

Part II UCI: an undertaking for collective investment subject to Part II of the UCI Law.

UCITS: an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive.

SFTR: Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012, as amended.

Regulation 2017/1129: Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended.

SICAR: an investment company in risk capital governed by the SICAR Law.

2. Scope and legal bases

2.1. Scope

1. This circular applies to all SIFs, SICARs and Part II UCIs (hereinafter "**fund**"), as well as to each of their compartments (hereinafter "**compartment**"), where the fund is constituted as a fund with multiple compartments.

2. It does not apply where the fund or compartment:

   a. is authorised as a European long-term investment fund (ELTIF);

   b. is authorised as a money market fund (MMF);

   c. is a European venture capital (EuVECA) or a European social entrepreneurship (EuSEF) labelled fund; or

   d. is a closed-ended fund or compartment and was authorised before the circular came into force.

2.2. Legal bases

3. This circular is based on:

   - Article 71(2) of the SIF Law, Article 3(3) of the SICAR Law and Article 181(2) of the UCI Law, as regards the establishment of an investment policy;
   - Article 1(1) of the SIF Law, Article 1(1) of the SICAR Law and Articles 89(1), 93(1) and 97 of the UCI Law, as regards the concept of assets;
   - Article 1(2) of the SICAR Law, as regards the concept of risk capital;
   - Article 1(1) of the SIF Law and Articles 89(1), 93(1) and 97 of the UCI Law, as regards the concept of risk-spreading;

- Articles 53 and 71(2) of the SIF Law, Articles 3(3) and 24(1) of the SICAR Law and Articles 151(1) and 181(2) of the UCI Law, as regards the information to be included in the sales document.

3. Concept of assets (SIFs and Part II UCIs)

4. The purpose of this chapter is to provide clarifications on the concept of assets referred to in Article 1(1) of the SIF Law and in Articles 89(1), 93(1) and 97 of the UCI Law.

5. In principle, the concept of assets encompasses any type of investment that may be entrusted to the depositary of the SIF or of the Part II UCI for safekeeping.

6. A SIF or a Part II UCI must have an investment and borrowing policy that is different from that of a UCITS in order to fall under the exemption provided for in point (d) of Article 3 of the UCITS Directive, if its main objective is to invest in assets eligible under that directive.

4. Investment limits

4.1. Principles and derogations

7. The purpose of this chapter is to specify the concept of risk spreading referred to in Article 1(1) of the SIF Law and in Articles 89(1), 93(1) and 97 of the UCI Law. The said laws do not define that concept. From the outset, its interpretation has been based on quantifiable investment limits expressed as a maximum percentage (hereinafter "**investment limits**") applied to a predefined calculation basis. This predefined calculation basis corresponds in principle to the assets or commitments to subscribe of the fund or the compartment. However, a different calculation basis may be used, provided that it can be justified to and accepted by the CSSF.

8. For funds or compartments whose securities may be marketed to unsophisticated retail investors, the CSSF considers that the principle of risk-spreading is met where the investment limits comply with the following guidelines:

   a. such fund or compartment may invest up to 25% of its assets or commitments to subscribe in:

      i. one and the same entity or person. This limit does not apply to securities issued or guaranteed by an OECD Member State or its regional or local authorities or by EU, regional or global supranational institutions and bodies;

      ii. one and the same undertaking for collective investment or other investment vehicle. This limit does not apply if a comparable or stricter risk-spreading than that provided for under this point is ensured at the level of the target undertaking for collective investment or investment vehicle, in accordance with the sales document of the latter or the laws and regulations applicable to it. This limit does not affect the requirements laid down in Article 15 of the AIFMD, where the latter applies.

iii. one and the same other asset. Are not considered as distinct assets, assets, for example real estate assets, whose economic viability is closely linked to the point that these assets form a single economic entity.

b. Short sales may not result in the fund or compartment holding a short position in securities issued by the same entity representing more than the limit set out under point 8(a).

c. When using financial derivative instruments, the fund or compartment must ensure a comparable level of risk-spreading through an appropriate diversification of the underlying assets. Similarly, counterparty risk (i) not cleared by a clearing institution or (ii) not mitigated by collateral such as a pledge or a transfer of ownership must be limited having regard to the quality and qualification of the counterparty.

d. Such fund or compartment may invest up to 50% of its assets in one and the same infrastructure investment. An infrastructure investment may consist in the acquisition of such asset or the exposure to it.

9. Each compartment of an undertaking for collective investment or other investment vehicle, as well as each compartment of a securitisation undertaking may be considered as a distinct undertaking for collective investment or entity provided that the principle of segregation of the liabilities of the various compartments with regard to third parties is ensured.

10. When using intermediary vehicles, regardless of their legal form, the investment limits apply to the investments made through them, and not to the vehicles themselves.

11. The limit set out in point 8:

- letters (a) to (c) is raised to 50% for the funds or compartments whose securities are reserved for well-informed investors or professional investors;
- letter (d) is raised to 70% for the funds or compartments whose securities are reserved for well-informed investors or professional investors.

12. The CSSF may grant further derogations to the above-mentioned limits based on a duly motivated justification. In case of a specific investment policy, the CSSF may also require the fund or the compartment to comply with additional investment restrictions.

13. The SICAR Law does not refer to the principle of risk-spreading. However, this does not prevent SICARs from setting investment limits in their sales documents.

4.2. Application and extensions

14. The sales document may provide for periods of time during which the investment limits do not yet apply or no longer apply. The following provisions are without prejudice to what is permitted and required under Article 15 of the AIFMD.

15. The sales document may thus provide that investment limits do not apply during the ramp-up period, which, in principle, is intended to allow the fund or compartment to build up its portfolio. The ramp-up period must be defined by considering the following elements:

a. Where the main purpose of the fund or compartment is to invest in assets eligible under the UCITS Directive, its sales document may provide for the possibility to

derogate from the investment limits for a period of up to twelve months following its launch. The launch date of the fund or compartment in principle coincides with the date of the first subscription of units or shares in that fund or compartment.

b. Where the fund or compartment aims to make private investments, which generally require more time to negotiate, the ramp-up period may be longer, but in principle, it may not exceed four years as from the date of the launch of the fund or compartment. In exceptional circumstances, this period may be extended, provided this extension is duly justified to and accepted by the CSSF. In principle, the maximum duration of this additional extension is one year. In all cases, the ramp-up period must be limited to a reasonable period of time, which is consistent with the specific needs of the investment policy of the fund or compartment concerned.

16. Where the fund's or the compartment's objective is to make private investments, the sales document may provide that the investment limits cease to apply during the wind-down period.

17. During the periods when the investment limits do not apply, the fund or compartment must not be exposed to excessive risks or conflicts of interest that had not been previously identified. Available cash may be temporarily invested in accordance with the provisions of the sales document.

18. A SICAR which sets investment limits in its sales document may also provide for ramp-up and wind-down periods during which these limits do not apply.

5. Concept of security representing risk capital (SICAR)

19. The purpose of this chapter is to clarify the concepts of risk capital and securities referred to in Article 1(1) and (2) of the SICAR Law. This chapter sets out the criteria on which the CSSF bases its assessment of the acceptability of the investment policy proposed for a SICAR.

20. Pursuant to the SICAR Law, the object of a SICAR is to invest its assets in securities representing risk capital to ensure that its investors benefit from the result of the management of its assets in consideration for the risk which they incur. The SICAR Law defines investment in risk capital as the direct or indirect contribution of assets to entities with a view to their launch, development or listing on a stock exchange. Private equity strategies, and more specifically venture capital strategies, are targeted but potentially also debt financing strategies for non-listed undertakings.

21. Indeed, the contribution of assets by the SICAR may take various forms. It may, for example, take the form of capital contributions, loan origination, bond subscriptions, bridge financing or mezzanine financing. It is not always necessary to inject new capital through a capital increase. The acquisition of securities representing risk capital on the secondary market is also eligible.

22. In view of their specific objective, all the assets other than investment in risk capital held by a SICAR must comply with that objective.

5.1. Assessment criteria

23. Risk capital under the SICAR Law is characterised by the combination of two elements, namely an intention to develop the target entity and a specific risk:

- The concept of development refers to the steps taken to create value at the level of the target entity. An increase in the financial value of the undertaking is thereby expected. These steps may take various forms, however it is not acceptable that a SICAR merely keeps a holding and adopts a passive approach waiting for the value to increase to resell the holding (see also point 25). The contribution of assets to entities with a view to their establishment or listing on a stock exchange implies an intention to develop these target entities.
- The specific risk associated with the SICAR's investments must go beyond mere market risk. Several aspects may be considered in this respect (e.g. the number and type of target entities, their activities and markets, the degree of maturity, the development project, the estimated holding period). The sole geographic location criterion of the target entities does not always suffice to justify the risk capital characteristic. A case-by-case analysis may be necessary, based on the arguments developed in the authorisation application file, to prove the risk capital characteristics.

24. A further criterion which is also relevant to assess whether an investment policy complies with the characteristics of risk capital is:

- The exit strategy: Contrary to a holding company which acquires assets to hold them, the objective of a SICAR consists, in principle, in acquiring financial assets in order to resell them with a profit after a holding period. The investment must be limited in time, i.e. the SICAR's objective must be to sell the investment. This is a key indicator to assess the real intentions of the SICAR to sell the investment in question when the latter matures or upon development by the SICAR. The SICAR Law does not specify the manner in which the SICAR withdraws from the entity in which it has invested, whether through a private sale of assets or holdings or an initial public offering (IPO).

25. In general, the SICAR must have a certain degree of control (supervision) to ensure that the amounts invested will ultimately be used to develop the target entity, as indicated under point 23. This is particularly important for a SICAR making indirect investments (see point 27), but also for direct investments. A SICAR thus often actively intervenes in the management of the target entities, through a representation within their management bodies or otherwise. It may seek to create value at the level of the target undertaking through a broad range of measures, such as structuring, restructuring, launch, modernisation, research or prospection, or more generally by promoting any measures likely to increase or improve the allocation of resources to create value. However, where other factors, such as the financing mode used, the type of parties involved or their remuneration, indicate that the investment qualifies as risk capital, the SICAR's active intervention is not necessarily required. The "active management" factor is also relevant where the SICAR invests in a single target undertaking.

26. The CSSF expects a description of compliance with the risk capital requirement based on the above-mentioned criteria to be included in the authorisation file submitted to the CSSF. The same applies to each application for authorisation of a new compartment of an existing multiple-compartment SICAR. Moreover, the CSSF expects that the SICAR's

sales document includes information on the risk capital criteria. The sales document must notably include a description of the exit strategy, comprising a non-exhaustive list of how the SICAR intends to divest from the target entities, and must indicate the expected holding period. Where a SICAR intends to invest in eligible investments through target funds, the sales document must include a general reference indicating that the target funds comply with the exit strategy criteria as described above.

5.2. Specific restrictions

27. For SICARs, the following restrictions result from the concept of risk capital:

- Securities: The risk capital criterion is not necessarily called into question in the case of investments in listed securities, for example where securities are listed on a stock exchange that does not meet the requirements applicable to regulated markets eligible under the UCITS Directive or where securities, although listed on such regulated market, have been issued by an entity representing risk capital within the meaning of the SICAR Law. Likewise, the investment in certain listed securities may be eligible where it is associated with a particular development project of the target entity or if it is aimed at delisting a security from such regulated market. Small caps, for instance, may constitute eligible investments for a SICAR. Moreover, the listing of an entity does not necessarily imply that the SICAR must disinvest (e.g. stock exchange lock-up, post-trading support). In principle, investments in ABS, CDOs and other similar securities are not eligible for SICARs.
- Cash: The investment policy of a SICAR may provide for the temporary investment of cash awaiting investment in liquid listed securities with low market risk (e.g. deposits, MMFs, money market instruments) as a management method for liquidities pending investment. Cash awaiting investment, reinvestment or distribution must be managed, and, where applicable, invested in accordance with the prudent person rule and with due care to preserve the capital of the sums temporarily invested. A SICAR may also hold cash to meet liabilities, notably the payment of its service providers or other creditors.
- Debt: Mezzanine financing is an eligible form of financing, provided the target entity receiving the financing meets the eligibility criteria for risk capital (e.g. in the case of a non-listed company). This is not the case if the beneficiary of the mezzanine financing is a listed company, unless the financing is granted as part of a specific development project, such as a delisting. Investments in existing mezzanine financing or distressed debt are also eligible where the objective is to increase the value of the investments through a restructuring of the undertakings concerned.
- Derivative instruments: A SICAR may use derivatives for hedging purposes or if such transactions are necessary to the realisation of its investment policy. However, investments in derivatives may not be the object of its investment policy, as they are not used, in principle, to create value in itself or to contribute to the development of the target entity.
- Real estate or infrastructure assets: The investment of a SICAR in such assets is only possible through intermediary vehicles (such as SPVs) or real-estate

funds. The underlying real-estate assets must meet the criteria of risk capital set out in Section 5.1.

- Commodities: The acceptability of a policy aiming at investing in commodities is assessed by the CSSF on a case-by-case basis, notably with regard to the criteria set out in Section 5.1. The SICAR cannot, under any circumstances, directly invest in commodities. However, indirect investments through the risk linked to investments in companies exploiting commodities are possible. In any case, the risk and development criteria must be identifiable at the level of the entities in which the SICAR invests, directly or indirectly.
- Undertakings for collective investment or other investment vehicles: In general, the SICAR Law authorises indirect investments in securities representing risk capital. Where the investment is made through the intermediary of an undertaking for collective investment or other investment vehicle, the latter shall have an objective that is in line with the investment policy of the SICAR concerned. In particular, the indirect investment through a private equity fund or a venture capital fund is acceptable insofar as the investment policy of these target funds restricts them to investing in assets that are eligible as risk capital within the meaning of the SICAR Law. The same approach applies to investments in real estate funds. In contrast, hedge funds are, generally speaking, not eligible investments for SICARs, as they do not pursue the primary objective of creating value at the level of target entities.
- Investment through an intermediary vehicle: In general, the SICAR Law authorises indirect investments in securities representing risk capital. The indirect investment through an intermediary vehicle is acceptable insofar as the objective of this vehicle restricts it to investing in assets that are eligible as risk capital within the meaning of the SICAR Law. In such case, the SICAR must put in place adequate measures that allow it to ensure that the incoming cash in the investment structure is actually used for risk capital investments.

6. Techniques

28. As part of their investment policy, SIFs and Part II UCIs may use techniques to manage their portfolio more efficiently and, to that end, may hold, for example, positions in repurchase or reverse repurchase agreements, securities lending or borrowing, or other types of arrangements. For SICARs, reference should be made to the general principles set out in Chapter 5, which limit the use of such techniques in consideration of the specific objective of the SICAR.

29. The use of such techniques must comply with the principle to act in the interest of investors of the fund or compartment and it must not result in a change in its investment objectives or in the assumption of higher risks than those communicated to the investors. The techniques must be economically appropriate, i.e. their implementation must be profitable or enable one or more of the following objectives: (a) risk reduction, (b) cost reduction, or (c) generation of additional capital or income for the fund or the compartment.

30. The fund or compartment must ensure a risk-spreading that is comparable to that indicated in Section 4.1 through an appropriate diversification of the collateral received.

Similarly, counterparty risk (i) not cleared by a clearing institution or (ii) not mitigated by collateral such as a pledge or a transfer of ownership must be limited having regard to the quality and qualification of the counterparty.

7. Borrowing

31. A SIF or a Part II UCI may borrow cash. This cash may be used, notably, to make investments, cover costs and expenses or meet redemptions. For SICARs, reference should be made to the general principles laid down in Chapter 5, which limit the use of borrowing in consideration to the specific objective of the SICAR. When borrowing cash, the fund or the compartment may encumber assets.

32. Borrowing for investment purposes must, in principle, not exceed 70% of the assets or commitments to subscribe of the fund or compartment, if the latter is marketed to unsophisticated retail investors. Where the securities of the fund or compartment are reserved for well-informed or professional investors, this limit does not apply. These funds or compartments set their own maximum borrowing limit.

33. Temporary borrowing arrangements that are fully covered by capital commitments of investors are, in general, not regarded as borrowings. The same applies, in principle, to any debt security issued by the fund or compartment whose income is linked to the performance of the assets in the portfolio of the fund or compartment concerned.

34. The above is without prejudice to the applicable requirements for calculating leverage.

8. Transparency

35. The requirements set out below are without prejudice to the information that the manager must communicate under Article 23 of the AIFMD, where applicable. They aim to clarify certain information in the sales document that is considered important and are based on Articles 53 and 71(2) of the SIF Law, Articles 3(3) and 24(1) of the SICAR Law and Articles 151(1) and 181(2) of the UCI Law.

36. A fund or a compartment that is required to publish a prospectus under Regulation 2017/1129 includes the information mentioned in Chapter 8 in its prospectus, unless said information is not compatible with the information required under that regulation.

37. The information provided in the sales document of the fund or compartment must be correct, clear and not misleading, to enable investors to make an informed judgement of the investment proposed to them.

8.1. at the level of investments

38. The sales document must specify the investment policy of the fund or compartment, notably the investment objectives and strategies, the composition of the portfolio, the asset classes in which it may invest, the investment limits and their calculation basis, and, where applicable, the use of intermediary vehicles. It must provide information on the risks and potential conflicts associated with the contemplated investments. For funds or compartments investing primarily in less liquid assets, the sales document must

address the situation in which the fund or the compartment finds itself with significant amounts of cash that it must be able to invest temporarily in liquid assets.

39. Where a fund or compartment intends to invest in undertakings for collective investment or other investment vehicles, this possibility must be expressly mentioned in the sales document. If the fund or compartment is marketed to unsophisticated retail investors and intends to invest more than 25% of its assets or commitments to subscribe in an undertaking for collective investment or other investment vehicle, it must expressly provide for this in its sales document, specifying that a risk-spreading comparable to or stricter than that provided for under point 8 is ensured at the level of the target undertaking for collective investment or other investment vehicle, in accordance with the sales document of the latter or the laws and regulations applicable to it. If the target undertaking for collective investment or other investment vehicle is not supervised by or registered with an authority with which the CSSF can cooperate on the basis of a cooperation agreement, this must be clearly indicated in the sales document and taken into consideration at the level of the risks communicated to the investors. Where investments are to be made in undertakings for collective investment or other investment vehicles of the same initiator or manager, the sales document must specify the nature of the fees or charges that may be incurred.

40. Where a fund or compartment intends to use the techniques mentioned in Chapter 6, this must be expressly indicated in its sales document. The sales document must specify the types of transactions envisaged and the conditions and limits for their realisation. If cash received as collateral may be reinvested, the sales document must specify the conditions and limits for such reinvestment. It must also include a description of the risks inherent in these transactions. The above does not affect the information required under scheme B annexed to SFTR, which applies to AIFs managed by an authorised AIFM.

41. The manner in which the proceeds of the sale or disposal of the assets are distributed, if applicable, must be clearly disclosed in the sales document.

8.2. at the level of redemptions and subscriptions

42. The terms and conditions for subscriptions must be described in the sales document.

43. Where the investors have the right to redeem their securities, the sales document must clearly describe such rights as well as the relevant terms and conditions. To this end, the sales document notably specifies the following points:

- the redemption frequency ;
- the notice and settlement period, where applicable;
- any other terms and conditions;
- the liquidity management tools available, with a brief but appropriate description of their functioning and of the conditions for their activation;
- how redemption orders are executed;
- for any quantitative limitation, the treatment of the non-executed part of redemption orders, i.e. whether they are automatically cancelled or transferred to the next redemption date, until they are fully executed.

44. If the non-executed part of redemption orders is transferred, the sales document must specify, in particular, (i) whether the orders concerned will or not receive priority over new redemptions orders and (ii) what net asset value will apply, in this case. A treatment of orders different from that described above is not excluded, provided it complies with the requirements of the AIFMD, where applicable, and is justified to and approved by the CSSF.

45. With reference to Article 157(2) of the UCI Law, it is specified that the date on which the issue and redemption price are determined depends on the issuance and redemption frequency of the securities. If investors have the right to redeem their securities, the redemption frequency must be determined in relation to the investment policy of the fund or compartment. The investment policy of the fund or compartment, especially when it provides for private investments, may justify a redemption frequency that is less than monthly. The redemption frequency does not necessarily coincide with the subscription frequency. The above does not affect the calculation of the net asset value, which must be carried out in accordance with the laws and regulations in force.

8.3. at the level of borrowing

46. If the fund or compartment intends to borrow, it must indicate the maximum borrowing limit in its sales document. This limit must comply with that set out in the first sentence of point 32 for funds and compartments to which the latter applies.

8.4. at the level of other information

47. If the fund or compartment may be marketed to unsophisticated retail investors and invests significantly in private investments, the sales document must contain a warning stating that the investment in the fund or compartment may imply a high level of risk, that it is only suitable for persons able to bear that risk, and that the average subscriber is advised to invest only a portion of the sums allocated to long-term investments. If, in addition, the life of the fund or compartment or the period during which the investors cannot exit the fund or the compartment exceeds or could exceed ten years, the sales document must include a warning that the fund or compartment may not be suitable for investors that are unable to maintain a commitment over such a period of time.

48. The sales document must include a description of the procedures that can be implemented to modify the investment policy or to make any other material change. These procedures must comply with the laws and regulations in force. A notice period with a free of charge redemption option may be required.

49. Extensions of the life of a fund or compartment by one year, up to a maximum of three times, are possible if such extensions are necessary to allow the investments to reach their full potential and if the fund's instruments of incorporation or the compartment's sales document provide for such a possibility. In exceptional circumstances, the CSSF may grant derogations from the above based on a duly motivated justification.

9. Entry into force, transitional provisions and repealing provisions

50. This circular enters into force with effect as from 19 December 2025, without prejudice to the rules adopted by the funds or compartments authorised by the CSSF before this date and which these funds or compartments may continue to apply.

51. Circulars CSSF 02/80, CSSF 07/309, CSSF 06/241, as well as Chapters G and I of Circular IML 91/75 are repealed.

52. The provisions of Chapter H of Circular IML 91/75 and Circular CSSF 08/356 no longer apply to Part II UCIs.

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