

## Regulatory News Alert

### Luxembourg publishes draft law n°7637 on the issuance of dematerialized securities using distributed ledger technology

6 August 2020

#### Context and objectives

On 27 July 2020, the Luxembourg government submitted draft law n°7637 to the Luxembourg parliament. This draft law aims to modify the law of 5 April 1993 on the financial sector, as amended, and the law of 6 April 2013 on dematerialized securities.

The draft law is part of the modernization of Luxembourg's legal framework for financial transactions and is a **continuation of the law of 1 March 2019 that recognized the possibility of using distributed ledger technologies for the circulation of securities.**

#### Key aspects

The new draft law introduces **two changes**:

1. The draft Law provides legal certainty by introducing in the law of 6 April 2013 on dematerialized securities a **definition of what constitutes an issuance account**. Pursuant to this definition, an issuance account needs to be understood as an account held with a settlement provider or central book keeper which can be held by and allows for the **recording of dematerialized securities by secured electronic recordings** (including distributed ledger technology). The draft law highlights the technological neutral character of this new framework, which opens the door to the recognition of digital assets in specific cases.
2. It **extends the scope of entities that can act as central account holders to European Union (EU) credit institutions and investment firms**. Currently, only certain regulated Luxembourg service providers can act as central account keepers under the law of 5 April 1993 on the financial sector. This activity is implicitly limited to Luxembourg credit institutions and investment firms as well as Luxembourg branches of credit institutions and investment firms authorized



in other EU member states. The draft law **expands the role of central account holders to include any credit institution or investment firm authorized in a member state of the European Economic Area, provided they meet certain specific organizational and technological criteria.**

## How can Deloitte help?

Deloitte can help you understand distributed ledger technology, identify the potential impact it may have on the securities value chain (including issuance, trading, post-trading and custody services), and design a pragmatic strategy to allow you to manage the evolution of this new technology.

You can find out more about the business opportunities and regulatory framework related to securities services in a distributed ledger technology environment in our white paper "[Are token assets the securities of tomorrow?](#)".

We will support you on various critical dimensions such as strategy, business & operating models, regulatory & compliance, technology, and risk management.

Deloitte's **Regulatory Watch Kaleidoscope** service helps you stay ahead of the regulatory curve to better manage and plan upcoming regulations.

# Your contacts

## Subject matter specialists

### Laurent Collet

Partner – Consulting Banking, Insurance and non-FSI  
Tel: +352 45145 2112  
[lacollet@deloitte.lu](mailto:lacollet@deloitte.lu)

### Francesca Messini

Director – Risk Advisory  
Tel : +352 45145 2791  
[fmessini@deloitte.lu](mailto:fmessini@deloitte.lu)

### Kevin Demeyer

Director – Consulting Banking, Insurance and non-FSI  
Tel : +352 45145 3808  
[kdemeyer@deloitte.lu](mailto:kdemeyer@deloitte.lu)

### Sébastien Genco

Director – Consulting Digital & Technology  
Tel: +352 45145 2831  
[sgenco@deloitte.lu](mailto:sgenco@deloitte.lu)

### Charlotte Hittélet

Director – Consulting Banking, Insurance and non-FSI  
Tel : +352 45145 2763  
[chittélet@deloitte.lu](mailto:chittélet@deloitte.lu)

## Regulatory Watch Kaleidoscope service

### Simon Ramos

Partner – IM Advisory & Consulting Leader  
Tel : +352 45145 2702  
[siramos@deloitte.lu](mailto:siramos@deloitte.lu)

### Benoit Sauvage

Director – RegWatch, Strategy & Consulting  
Tel : +352 45145 4220  
[bsauvage@deloitte.lu](mailto:bsauvage@deloitte.lu)

### Jean-Philippe Peters

Partner – Risk Advisory  
Tel : +352 45145 2276  
[jppeters@deloitte.lu](mailto:jppeters@deloitte.lu)

### Marijana Vuksic

Manager – Strategy, Regulatory & Corporate Finance  
Tel : +352 45145 2311  
[mvuksic@deloitte.lu](mailto:mvuksic@deloitte.lu)

Deloitte Luxembourg  
20 Boulevard de Kockelscheuer  
L-1821 Luxembourg  
Grand Duchy of Luxembourg  
  
Tel: +352 451 451  
Fax: +352 451 452 401  
[www.deloitte.lu](http://www.deloitte.lu)

Deloitte is a multidisciplinary service organisation which is subject to certain regulatory and professional restrictions on the types of services we can provide to our clients, particularly where an audit relationship exists, as independence issues and other conflicts of interest may arise. Any services we commit to deliver to you will comply fully with applicable restrictions.

Due to the constant changes and amendments to Luxembourg legislation, Deloitte cannot assume any liability for the content of this leaflet. It shall only serve as general information and shall not replace the need to consult your Deloitte advisor.

#### About Deloitte Touche Tohmatsu Limited:

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organization”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 312,000 people make an impact that matters at [www.deloitte.com](http://www.deloitte.com).

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.

© 2020 Deloitte Tax & Consulting

Designed and produced by MarCom at Deloitte Luxembourg