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CSSF Circular 26/906: From box ticking to board ownership – are your PI/EMI/AISP frameworks ready by 30 June 2026?

In a nutshell:

CSSF Circular 26/906 consolidates governance, risk and safeguarding requirements for Luxembourg PIs, EMIs and AISPs, repealing legacy governance circulars and aligning with PSD2 supervisory practice. Effective 30 June 2026.

On 20 January 2026, the *Commission de Surveillance du Secteur Financier* (the **CSSF**) published Circular 26/906 (the **Circular**), establishing a consolidated framework on central administration, internal governance and risk management for Luxembourg payment institutions and electronic money institutions and, by assimilation and subject to proportionality, account information service providers (**AISPs**).

With the Circular applying from 30 June 2026, what's the hardest part for your organisation: making proportionality truly defensible, integrating safeguarding into board-level oversight, or producing the evidence pack regulators will want to see first? Reach out to our team — we can support you on the next steps and structure the obligations register, a proportionate governance uplift and a phased delivery roadmap to 30 June 2026 with critical-path milestones.

From headline to implementation: key governance implications of Circular CSSF 26/906

The Circular consolidates Luxembourg's requirements on central administration, internal governance and risk management for payment institutions, electronic money institutions and, by assimilation and subject to proportionality, AISPs. It repeals the legacy IML/CSSF governance circulars for these entities and aligns Luxembourg practice with current supervisory standards under PSD2. The key shifts include enhanced board-level ownership of strategy, risk appetite and internal control, stronger and more independent control functions, defensible proportionality, reinforced safeguarding governance, and tighter oversight of outsourcing, IT and distribution arrangements.

The full text of the Circular is available here.

Key takeaways

Unified governance architecture

The Circular introduces a harmonised governance framework that covers central administration in Luxembourg, organisational structure, supervisory and management

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bodies, and internal control functions (compliance, risk control and internal audit). Payment institutions, electronic money institutions and, by assimilation, AISPs are subject to the same overall structure, with adjustments driven by proportionality rather than by legal category.

Strengthened role of management and supervisory bodies

The responsibilities of the supervisory body and management body are clearly defined, including with regard to business strategy, risk appetite, safeguarding principles, internal control, outsourcing, IT and continuity arrangements. Both bodies are expected to actively promote a strong risk and compliance culture ("tone from the top").

Reinforced internal control and risk management expectations

Institutions must implement comprehensive processes for identifying, managing and monitoring all material risks, explicitly including AML/CFT, operational and security risks. The Circular significantly raises expectations regarding the independence, resources and effectiveness of control functions and escalation procedures.

Safeguarding of client funds

Dedicated chapters provided detailed information on governance and organisational requirements relating to safeguarding arrangements, reflecting the regimes set out in the Luxembourg law of 10 November 2009 on payment services (as amended) for segregation accounts and insurance- or guarantee-based protection.

Distribution channels, outsourcing and third parties under scrutiny

The governance framework addresses risks arising from agents, distributors, branches, IT arrangements and outsourcing. It requires institutions to maintain full oversight of their delivery models and third-party dependencies.

AISPs: included, but on a proportional basis

AISPs fall within the scope of the Circular and are treated as payment institutions for governance purposes. However, the framework applies to them on a proportionate basis, reflecting their more limited business model (notably the absence of client funds and payment execution).

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