

PRESS RELEASE 20/08

THE CSSF WARNS AGAINST FALSE CLAIMS TAKEN UP IN THE PRESS

Following the publication on 24th February 2020 of an article in the Financial Times regarding LFP I SICAV-SIF S.A. (the “**Fund**”) and containing certain misleading information, the CSSF, Luxembourg’s prudential supervisory authority, considers it to be in the public interest to warn the public against false claims taken up by the press and to clarify the framework of its legal mission as both supervisory authority and supervisory commissioner.

The Fund is a specialised investment fund, set up as an investment company with multiple sub-funds, regulated by the Luxembourg law of 13 February 2007 relating to specialised investment funds (the “**Law**”). Hence, the shares of the Fund are reserved to well-informed investors as defined by Article 2 of the Law. As further defined in Article 41 of the Law, the CSSF is the competent authority with regard to specialised investment funds and carries out its duties exclusively in the public interest. The CSSF supervises specialised investment funds and their directors who are responsible for complying with the applicable legal and contractual rules. Accordingly, any factual elements are assessed in all objectivity and impartiality and the CSSF may not intervene to support any party in its private interests. Since its incorporation and in particular since the end of 2018, numerous exchanges, aiming mainly at compliance with applicable rules and regulations and increased investor protection, have been taken place between the CSSF, in the context of its prudential supervision, and the persons representing the Fund.

On 3rd of July, 2019, the CSSF had to take the decision, in the public interest, to withdraw the Fund from the official list of specialised investment funds as the Fund did no longer comply with applicable legal requirements. In accordance with Article 47 of the Law, the CSSF will introduce a request for judicial liquidation of the Fund with the Luxembourg State Prosecutor, once the aforementioned withdrawal decision has become final after its review by the administrative court. In the meantime, the CSSF acts as supervisory commissioner in accordance with Article 46 of the Law, which states in particular that: *“The decision of the CSSF withdrawing a specialised investment fund (...) from the list [of specialised investment funds] shall, as from the notification thereof to such specialised investment fund and at its expense, until the decision has become final, ipso jure entail for such specialised investment fund suspension of any payment by said specialised investment fund, prohibition for such specialised investment fund, on pain of nullity, to take any measures other than protective measures, except with the authorisation of the supervisory commissioner.”*

Under Article 46 of the Law, the CSSF’s primary mission is to safeguard the assets of the Fund and its various sub-funds and to allow only conservatory measures in view of the liquidation of the Fund pursuant to Article 47 of the Law. The CSSF has hence to ensure that any payments to be authorised by it, in its role as supervisory commissioner, are executed in the best interest of the Fund and all of its investors, as opposed to private or individual interests, and that such payments are absolutely necessary having regard to the current situation of the Fund. Before authorising any payments (including any fees or expenses) out of the Fund’s assets, the CSSF must make sure that they are made in the interest of all of the Fund’s investors. The CSSF is thereby acting in full compliance with its mission as supervisory commissioner in accordance with Article 46 of the Law, by only authorising absolutely necessary payments, duly supported by adequate underlying documentation justifying such payments.

Considering that the CSSF is bound by professional secrecy rules, it may, however, not communicate on specific details regarding the Fund. Moreover, under the rule of law and the principle of separation of powers, considering that there are ongoing judicial proceedings pertaining to the Fund, the CSSF may not comment on the erroneous and unfounded accusations quoted in the article.

Together with the European Securities and Markets Authority (ESMA), the CSSF promotes and actively contributes to regulatory and supervisory convergence on a European level to ensure a level playing field in terms of investor protection. The CSSF considers that convergence has been significantly improved in the past, most notably through peer reviews and technical standards established by ESMA in cooperation with all national competent authorities (including the CSSF). UCITS, MiFID/MiFIR and AIFMD, which have been swiftly and adequately implemented into

Luxembourg law, have significantly enhanced investor protection by imposing new depositary standards and enhanced transparency through new investor disclosure rules and mandatory reporting to competent authorities. The CSSF accordingly verifies that supervised entities and their directors strictly comply with all applicable rules and regulations. Luxembourg draws on its political, economic, regulatory and supervisory stability to foster a strong culture of investor protection. Financial services and investors in Luxembourg benefit greatly from this stability and the high level of European standards of investor protection as enforced by the CSSF.

Press contact:

Paul Wilwertz

paul.wilwertz@cssf.lu

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