

Administrative sanction of 9 July 2026 for non-compliance with requirements of delegated activities

Luxembourg, 05 October 2026

Administrative decision

On 9 July 2026, the CSSF imposed an administrative fine amounting to EUR 71,500 in total on an investment fund manager (the “**Manager**”) subject to Chapter 15 of the amended Law of 17 December 2010 relating to undertakings for collective investment (the “**Law of 2010**”) and authorised as alternative investment fund manager according to the provisions of the amended Law of 12 July 2013 on alternative investment fund managers (the “**AIFM Law**”).

Legal framework/motivation

The administrative fine is composed of:

- an amount of EUR 47,320 imposed pursuant to Article 148(2)(j) and Article 148(4)(e) of the Law of 2010, read together, for failure to comply with the provisions of Article 110(1)(b) of the Law of 2010 regarding the requirements to have an effective supervisory framework considering the best interest of the investors, and with the provisions of Article 110(1)(f) of the Law of 2010 regarding the supervision of delegates; and
- an amount of EUR 24,180 imposed pursuant to Article 51(1), first indent, and Article 51(2), first subparagraph, third indent of the AIFM Law, read together, for failure to comply with the provisions of Article 18(1)(e) of the AIFM Law regarding the requirements to have an effective supervisory framework considering the best interest of the investors, and with the provisions of Article 18(1)(f) of the AIFM Law regarding the supervision of delegates.

In order to determine the type and amount of the administrative sanction to be imposed on the basis of each of the applicable laws, the CSSF considered, pursuant to Article 149a of the Law of 2010 and Article 51(2), last subparagraph of the AIFM Law, respectively, (i) the gravity and duration of the breaches existing at the time of the on-site inspection, (ii) the conduct and past record of the Manager, (iii) the level of cooperation of the Manager with the CSSF as well as (iv) the fact that the Manager provided a detailed action plan and initiated remedial actions in order to resolve the breaches identified.

The professional obligations breached are established by the relevant provisions of:

- the Law of 2010;
- the AIFM Law;

- the 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 (the "**UCITS Directive 2009/65/EC**");
- the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (the "**AIFM Directive 2011/61/EU**");
- the Commission Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards organizational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company (the "**UCITS Directive 2010/43/EU**");
- the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (the "**AIFM Delegated Regulation (EU) No 231/2013**");
- CSSF Circular 18/698 regarding the authorization and organization of investment fund managers incorporated under Luxembourg law (the "**CSSF Circular 18/698**").

as applicable at the time of the facts.

Legal basis for the publication

The publication is made pursuant to the provisions of Article 149(1), second subparagraph of the Law of 2010 and Article 51(2), second subparagraph of the AIFM Law. Having considered the elements brought forward by the Company, and following an assessment of the proportionality, this administrative fine will be published on an anonymous basis.

Context and major cases of non-compliance with the professional obligations identified

This administrative fine is imposed following an on-site inspection performed from 18 September 2024 to 10 October 2024 (the "**Inspection**") on the Manager, focusing on the corporate governance. During the Inspection the CSSF identified persistent deficiencies in the internal governance framework of the Manager which related to the following points:

- Inadequate renewal of the ongoing diligence assessments of delegates:
Our Commission concludes that a significant number of delegated portfolio managers had not actually undergone formalized periodic due diligence in accordance with the Manager's risk matrix. The failure to apply the required risk-based approach prevented the Manager from adequately assessing whether delegated activities have continuously met legal requirements and contractual obligations.

As such, the CSSF concluded that, at the time of the Inspection, the Manager did not comply with point 468 of the CSSF Circular 18/698 specifying Article 13 of the UCITS Directive 2009/65/EC (which is transposed by Article 110 of the UCITS Law), and Article 75 of the AIFM Delegated Regulation (EU) No 231/2013 supplementing Article 20 of the AIFM Directive 2011/61/EU (which is transposed by Article 18 of the AIFM Law).

- Insufficient assessment of the best execution process of delegates:

The CSSF noted deficiencies regarding the assessment of the delegate's best execution processes — specifically concerning procedures, controls, and broker selection. The failure to assess these processes poses significant risks to the Company, the funds under management, and the investors.

These observations constitute a breach of Point 495 of CSSF Circular 18/698, which requires a review of the delegate's best execution and broker selection procedures.

Consequently, CSSF concluded that, at the time of the Inspection, the Manager did not comply with point 495 of the CSSF Circular 18/698 specifying Article 13 of the UCITS Directive 2009/65/EC (transposed by Article 110 of the UCITS Law).

- Insufficient ongoing monitoring of delegates concerning the best execution principles:

The CSSF noted that the Company relied exclusively on confirmations from portfolio managers without independent verifications.

Overall, the design of the Company's monitoring framework prevented adequate oversight of best execution principles. This lack of control violates points 442 and 496 of CSSF Circular 18/698, which require effective monitoring and ongoing verification of delegate compliance.

Consequently, CSSF concluded that, at the time of the Inspection, the Company did not comply with point 442 and 496 of the CSSF Circular 18/698 specifying Article 13 of the UCITS Directive 2009/65/EC (transposed by Article 110 of the UCITS Law).