



*Commission de Surveillance  
du Secteur Financier*

## PRESS RELEASE 19/18

### **PUBLICATION OF THE LAWS REGARDING MEASURES TO BE TAKEN IN RELATION TO THE FINANCIAL SECTOR IN THE EVENT OF A WITHDRAWAL OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND FROM THE EUROPEAN UNION**

The CSSF would like to draw the attention of the public to the publication of the laws of 8 April 2019 regarding measures to be taken in relation to the financial sector in the event of a withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union (the Brexit Laws). The Brexit Laws apply to firms established in the UK that prior to Brexit were authorised entities under Directive n° 2013/36/EU (CRD), Directive n° 2014/65/EU (MiFID II), Directive (EU) n° 2015/2366 (PSD 2), Directive n° 2009/110/EC (EMD), Directive 2011/61/EU (AIFMD) or Directive 2009/65/EC (UCITS), as well as to UCITS and part II UCIs established under the UCI Law of 2010. The Brexit Laws also cover the situation of investment fund managers established in the UK managing UCIs established in Luxembourg at the date of the Brexit and the specific situation of potential exclusively Brexit-related breaches of investment policies by UCITS and part II UCIs. The Brexit Laws further clarify the situation of UCITS established in the UK marketed to retail and/or professional investors in Luxembourg at the time of Brexit.

In the event that, and from the date, the UK leaves the EU without concluding a withdrawal agreement based on Article 50(2) of the Treaty on European Union ("hard Brexit"), UK firms will be considered as "third-country firms" and will lose the benefit of passporting rights under the relevant EU Directives.

The purpose of the Brexit Laws is to anticipate the consequences of such loss of passporting right, to ensure the continuity of existing contracts, the orderly functioning and the stability of the financial markets as well as to ensure the protection of UCI investors in the event of a hard Brexit. As such, the Brexit Laws provide that UK firms may, subject to certain conditions, be permitted to continue their activities in Luxembourg during a transitional period. The CSSF intends to grant such possibility for a limited period of time. Such safe harbour provisions under the Brexit Laws apply only to contracts that entered into force before the date of Brexit and to contracts concluded post Brexit with close links to contracts that entered into force before the date of Brexit. In all other cases, especially in order to be allowed to conclude new contracts or start new activities, UK firms will be required, as applicable, to set up an establishment in Luxembourg or to submit an application to provide investment services in Luxembourg on a cross-border basis under Article 32-1, paragraph (1) of the law on the financial sector.

Considering the political uncertainties surrounding the Brexit date, as well as the occurrence of a hard Brexit, the CSSF has decided to adopt a wait-and-see approach and, based on the developments at a political level, will communicate further in due course to the public as regards the actions to be taken by UK firms to benefit from the transitional period provided for in the Brexit Laws.

Any Brexit-related questions can be addressed to [brexit@cssf.lu](mailto:brexit@cssf.lu).

Luxembourg, 12 April 2019