

PRESS RELEASE 19/34

MANDATORY BREXIT NOTIFICATION FOR UNDERTAKINGS FOR COLLECTIVE INVESTMENT AND THEIR MANAGERS IN THE CONTEXT OF BREXIT

This press release follows up on the CSSF [press release 19/18](#) regarding the publication of the laws of 8 April 2019 on Brexit.

There is a risk that the United Kingdom will be leaving the European Union in a non-coordinated manner on 31 October 2019, without concluding a withdrawal agreement based on Article 50(2) of the Treaty on European Union (“**hard Brexit**”), with the consequence that the United Kingdom shall be considered as a third country as of the date of the hard Brexit.

The Luxembourg legislator has adopted two laws with the objective to address certain potential consequences of such an exit in relation to the undertakings for collective management (“**UCIs**”) sector, taking into account investor protection considerations as well as the ordinary functioning and the stability of financial markets (the “**Brexit Laws**”).

The CSSF would like to remind that UCIs and/or their managers established in the United Kingdom that are currently authorised entities under Directive 2009/65/EC (“**UCITS Directive**”) and/or Directive 2011/61/EU, (“**AIFM Directive**”) respectively, will be considered as “third-country entities” and will lose the benefit from passporting rights under the relevant EU Directives as from the date of the hard Brexit.

Given the political developments, impacted entities should by now have taken the necessary steps to prepare and anticipate the consequences of a possible hard Brexit.

All impacted entities will be required to notify the CSSF of their intention and way forward to continue to provide services in Luxembourg after the occurrence of a hard Brexit. A dedicated notification portal will be opened on the CSSF website in the coming weeks. The CSSF will inform the public in due course. Notifications will have to be made no later than by 15 September 2019.

These entities will then be required to submit to the CSSF, as soon as possible but no later than by 31 October 2019, the corresponding application for authorisation, or, as the case may be, the corresponding notification or information on any action taken otherwise, depending on the nature of the activities they intend to pursue after the occurrence of a hard Brexit and/or the steps undertaken to address the loss of passporting rights.

On the basis of the information submitted and in order to ensure the continuity of existing contracts and the protection of UCI investors, the CSSF may, on a case-by-case basis, grant impacted UCIs and/or their manager, the possibility to continue their activities in Luxembourg for a limited period after the occurrence of a hard Brexit (the “**transitional regime**”). Impacted UCIs and/or their managers will then be informed of the granting of the transitional regime within 10 business days of the submission of the required information.

The transitional regime may only be granted under the condition that the Brexit notification and the subsequent application(s) and/or notification(s) have been submitted within the established timeframe. The CSSF has decided to set the transitional period to 12 months following the date of a hard Brexit.

Entities that are currently authorised in the United Kingdom under both the UCITS Directive and the AIFM Directive will be required to proceed with a Brexit notification for both licenses.

Entities that have already submitted an application for authorisation with the CSSF in anticipation of a hard Brexit are required to submit a Brexit notification to the CSSF.

The CSSF will, in due course, communicate additional information regarding any notification requirements applicable in relation to the possibility granted to UCIs to rectify any Brexit related investment breaches under the transition provisions applicable under the Brexit Laws.

Any additional questions can also be addressed to brexitopc@cssf.lu.