

On 15 July 2019 the CSSF issued two press releases, 19/33 (directed specifically at UK Firms) and 19/34 (directed at UCIs and their managers) in the context of Brexit. These follow on from an original press release (19/18) issued on 12 April 2019. All three press releases are enclosed with this update.

The main points we take from these two new press releases are as follows:

### **Press release 19/33**

The CSSF states that in case of hard Brexit that *'UK firms that intend to continue their business and conclude **new contracts** in Luxembourg following a hard Brexit are required to submit an application for an authorisation to the CSSF **as soon as possible**. UK firms should be mindful that the granting of an authorisation can take up to 12 months following the reception of a complete application file and that UK firms that have not received the necessary authorisation are required to cease all business as of the date of a hard Brexit'*

- **FundRock's view: There is a risk that any new application may not be granted before the 31 October 2019 (current Brexit deadline).**

In addition, the CSSF states in its press release 19/33 that in case of hard Brexit that *'With respect to **existing activities**, to ensure the orderly functioning and the stability of the financial markets or the protection of depositors, investors and consumers, the Brexit laws empower the CSSF to allow UK firms that are currently providing financial services in Luxembourg under the EU passport to continue their activities for a limited period after the occurrence of a hard Brexit (the "**transitional regime**"). The transitional regime is limited in scope as it applies only to the scenario of a hard Brexit and only to contracts that have entered into force before Brexit ("**existing contracts**") as well as to contracts concluded after Brexit with close links to existing contracts ("**closely-related contracts**"). The CSSF has decided to set the transitional period at 12-months following the date of a hard Brexit. UK firms that are planning to continue to serve existing contracts in Luxembourg under the transitional regime will be **required to notify** the CSSF accordingly. 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 15 September 2019**'.*

- **FundRock's view: This seems to replicate to some degree the Temporary**

Permissions Regime ('TPR') which the UK Financial Conduct Authority has put in place, albeit with a reduced time-frame of one year. We expect this portal to be in place over the next 3-4 weeks, given the deadline of 15 September 2019, which we will monitor and keep clients abreast of developments.

### **Press release 19/34**

The CSSF states they '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'**

- FundRock's view: Release 19/34 is of course by its very nature less relevant to FundRock clients as we are acting as the Management Company. FundRock clients who may have other fund structures not managed by us may however want to review their position.

Finally, please note this update has no relation to the UK TPR, which a large number of our clients have made avail. This update is only relevant to UK firms, UCIs or Managers making avail of the financial services passport (i.e. outbound to the EEA).

**Should you have any additional questions on the above please contact your dedicated client relationship manager.**

**Press Releases**

- Mandatory Brexit notification for Undertakings for Collective Investment and their managers in the context of Brexit, CSSF
- Mandatory notification for UK firms in the context of Brexit, CSSF
- 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, CSSF