

## Regulatory News Alert

### CSSF Notification of NAV Calculation Error

10 January 2017

Introduction of a notification form, in line with the framework set by Circular CSSF 02/77, on NAV calculation errors and non-compliance with the investment rules

#### **Background**

On 27 November 2002, the CSSF issued Circular CSSF 02/77 which sets the rules of conduct when dealing with errors in the administration or management of undertakings for collective investment ("UCIs").

Within this Circular, NAV calculation errors – which have a material impact on the NAV and cause it to reach or exceed predefined thresholds – as well as non-compliance with investment rules, must be notified to the CSSF and the UCI's auditor. In addition, any calculation error must be corrected and investors compensated as appropriate.

In this respect, a specific tolerance threshold is provided for each type of UCI (i.e. money market UCI, bond UCI, shares and other financial asset UCIs).

Furthermore, the compensation amount and / or the possible amount to be reimbursed to an investor may trigger the submission of a specific "remedial action plan" (the same applies for non-compliance with investment rules).

#### **New specific notification process**

Up to this point, the CSSF had not specified a way through which such notification should take place.

However, the CSSF has now introduced a notification form entitled "Notification of NAV calculation error and non-compliance with the investment rules", through which all NAV calculation errors and non-compliance with investment rules should be notified. On January, 3rd a Press Release was published by the CSSF in this regard.

This notification form in Excel format can be found on the CSSF website together with additional information and should be sent electronically to the following address: [opc.prud.sp@cssf.lu](mailto:opc.prud.sp@cssf.lu).

Impacted investment schemes: This notification form is applicable to all UCIs regulated by the Law of 17 December 2010 and Specialized Investment Funds (SIFs) regulated by the Law of 13 February 2007 – whether the latter chose to

apply Circular CSSF 02/77 or to set other specific internal rules – as well as all parties involved in the operation and supervision of such undertakings.

## **Next steps**

The use of the new notification form is immediately applicable but notifications in other formats will be accepted by the CSSF until 1 March, 2017.

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