

Regulatory News Alert

CSSF Brexit's preparation call focus on Manco – CP 18/25

27 July 2018

On 25 July 2018, the **CSSF** issued a publication addressed to the fund industry Manco and AIFM, it follows several recent publications from the EU Commission, EBA (European Banking Authority), or ESMA to call for a true and active **preparation for Brexit**.

The CSSF recalls that in a worst-case scenario, no transition period will be agreed upon and the United Kingdom will consequently need to be considered as a third country as from 30 March 2019.

Based on the current state of negotiations, **Manco, AIFM, and generally the fund industry need to consider the scenario where a hard Brexit would take place on 30 March 2019. Investment fund managers** (alternative investment fund manager or UCITS fund manager) seeking a relocation of their business - in Luxembourg - **might need to be authorized by the CSSF** be it for a general application or in the context of Brexit.

The CSSF highlights that even for existing entities already authorized, if they plan additional licenses or to substantially change their current operational models to cope with Brexit-related aspects, they will have to consider the potential impacts on their activity (organization, governance, IT...) as well as consider obtaining or expending their license.

The time required for analyzing authorization requests can be substantial and depends on numerous factors. It is of utmost importance to consider as early as possible to submit potential applications to the CSSF would it only be to avoid bottlenecks that will have a disruptive effect.

The CSSF will address with **particular attention the elements raised in the ESMA opinion of 13 July 2017** as well as to the statement ESMA issued on the 12 July 2018 regarding the necessity to take into consideration supervisory implications of Brexit or generally changes to the business model.

How Deloitte can help ?

Deloitte has developed a systematic approach: Brexit health check to assess potential Brexit impacts on your structure and organization. From there, based both on business development plans and on legal realities, Deloitte can help you in implementing operational changes for your post Brexit environment strategy.

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Your contacts

Simon Ramos

Partner – Brexit Coordinator

Tel : +352 45145 2702

siramos@deloitte.lu

Pascal Martino

Partner – Banking Leader

Tel : +352 45145 2119

pamartino@deloitte.lu

Francesca Messini

Director – Brexit Banking

Tel : +352 45145 2791

fmessini@deloitte.lu

Julie Van Cleemput

Director – Strategy & Regulatory Consulting

Tel : +352 45145 2989

jvancleemput@deloitte.lu

Benoit Sauvage

Senior Manager – RegWatch, Strategy & Consulting

Tel : +352 45145 4220

bsauvage@deloitte.lu

Deloitte Luxembourg

560, rue de Neudorf

L-2220 Luxembourg

Tel: +352 451 451

Fax: +352 451 452 401

www.deloitte.lu

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