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## Soft landing for UK Managers managing Luxembourg funds and UK firms

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Luxembourg adopted in March and April 2019 a series of measures to attempt to secure a soft landing for Luxembourg funds managed by UK managers (**Brexit Laws**), in line with its flexible approach to ensure the continuation of business even in the case of a hard Brexit scenario and therefore provide UK-based managers managing Luxembourg funds more certainty for the middle term.

Concrete steps have now been taken by the Luxembourg regulator, the *Commission de Surveillance du Secteur Financier (CSSF)*, with two press releases published on 15 July 2019: Press Release 19/33 and Press Release 19/34, each spelling out the requirement for mandatory notifications for (i) UK firms operating in Luxembourg and (ii) undertakings for collective investment and their managers in the context of Brexit. These releases go a step further than the Brexit Laws and clarify measures to be taken by (i) UK undertakings for collective investment and/or managers that are currently authorised entities under UCITS Directive 2009/65/EC and/or AIFM Directive 2011/61/EU (**UCIs and UCIs Managers**) and (ii) UK firms that are currently authorised under CRD, MiFID II, PSD 2 or EMD in the UK (**UK Firms**).

### WHAT UK MANAGERS SHOULD DO BY 15 SEPTEMBER 2019

In a hard Brexit scenario, all UK undertakings for collective investment and/or managers which are currently authorised entities under UCITS Directive 2009/65/EC and/or AIFM Directive 2011/61/EU (the “**UCIs and UCIs Managers**”) managing a Luxembourg fund must notify the CSSF of their intention to continue to provide their services after the occurrence of a hard Brexit to the Luxembourg fund they manage.

The deadline that apply to these Managers is 15 September 2019.

### ADDITIONAL STEPS FOR UK MANAGERS BY 31 OCTOBER 2019

UCIs and UCIs Managers who notified their intention to continue to manage the Luxembourg fund(s) shall, by no later than 31 October 2019, request the relevant equivalent licence, or as the case may be, provide the corresponding notifications or information or carry out any action requested for the activity they intend to pursue (**Subsequent Information**).

The CSSF may, 10 business days after the submission of the Subsequent Information, grant a 12-month grandfathering period, on a case-by-case basis.

### ACTIONS TO BE TAKEN BY UK FIRMS BY 15 SEPTEMBER FOR EXISTING CONTRACTS

As a rule, in a hard Brexit scenario, UK Firms will become “third-country firms” from an EU perspective and they will lose all rights attached to the provision of their services under their existing passporting rights in Luxembourg and generally the EU.

UK Firms must notify the CSSF no later than 15 September 2019 of their intention to continue to deliver their services under contracts existing prior to the occurrence of Brexit. UK Firms should, subject to certain conditions and approval by the CSSF, benefit from the transitional regime under the Brexit Laws. A 12-month grandfathering period may be granted on a case-by-case basis for notifications that provide an appropriate level of detail and if historical passporting notifications were completed. This is quite helpful as it takes into account, among other things, that the deadline of 15 September could be irrelevant given that the deadline for Brexit is currently set for 31 October 2019 and given the public announcements made by certain representatives of EU member states that they would not oppose to an additional extension in favour of the UK.

### ACTIONS TO BE TAKEN NOW BY UK FIRMS FOR FUTURE CONTRACTS

UK Firms wishing to continue to provide their services under future contracts with Luxembourg clients / beneficiaries must apply for an authorisation by the CSSF. This should be done now given that (a) a licencing process can take a relatively long time, in some cases, up to 12 months, and (b) on the occurrence of a hard Brexit, a UK Firm with no licence granted by the CSSF will be required to cease all business.

The CSSF is currently setting up a dedicated notification portal on its website and now is the time for UK Managers and UK Firms to implement their strategy for Luxembourg.

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