

# Luxembourg: Law of 10<sup>th</sup>. May 2016 implementing UCITS V Directive

Three years after the transposition of the latest EU Directive on Alternative Investment Fund Managers (Directive 2011/61/EU), Luxembourg was the 11<sup>th</sup>. European Member State to transpose the new UCITS (Undertakings for Collective Investment in Transferable Securities) Directive 2014/91/EU (the "UCITS V Directive") into national law: the 10<sup>th</sup>. May 2016 law published in the Mémorial (official gazette) on 12<sup>th</sup>. May 2016.

## FOCUS

**What:** Luxembourg 10<sup>th</sup>. May 2016 Law implementing UCITS V Directive (Directive 2014/91/EU).

**Who:** on April 21<sup>st</sup>, 2016, Luxembourg Parliament adopted the text which amends the 17<sup>th</sup>. December 2010 Law on Undertakings for Collective Investment.

**When:** The 10<sup>th</sup>. May 2016 Law enters into force on June 1<sup>st</sup>, 2016.

**Where:** Luxembourg. Each EU Member State must transpose the EU Directive into national law.

**How:** The means by which Member States implement EU Directives are left to national governments.

Whereas UCITS IV promoted the cross border distribution of UCITS funds, one of the main objectives of the **UCITS V Directive** is to achieve **greater retail investor protection** and to **prevent systemic financial risks**. In this respect, the text acts in three main areas:

### Depository regime

The law updates and harmonises the rules applicable to depositaries of UCITS funds, aligning them to the Alternative Investment Fund Managers Directive (AIFMD) stating the obligation for depositaries to be able to entirely refund the fund. This aspect generates the need for depositary banks to strengthen their internal controls on sub-depositaries who manage a portion of the fund and to implement measures for securing the assets.

### Remuneration policies

One of the aims of the UCITS V Directive is to increase transparency regarding management companies' remuneration policies and practices by introducing disclosure requirements in relation to the remuneration. In order to discourage disproportionate risk-taking, the remuneration policies shall be in line with the business strategy, objectives, values and interests of the management company and the UCITS/ investors and shall include measures to avoid conflicts of interest.

### Sanctions regime & whistleblowing

Retail investor protection is also strengthened by means of a harmonised system of sanctions including the implementation of a whistleblowing mechanism. The aim of the UCITS V Directive is to reinforce accountability of the market players and to avoid differences in the evaluation by national authorities.

However, other thematic areas that were not included in the UCITS V Directive are currently being discussed by european regulator by leading to believe in a UCITS VI Directive in the near future.

At SELECTRA, in order to comply to the new UCITS V Directive regulations, we have developed an operative model for the update of internal procedures and control measures, including IT requirements.

The full text of the 10<sup>th</sup>. May 2016 Law is available via the following link.

## Who are we?

SELECTRA Management Company S.A is an experienced, professional partner authorized for the creation, management and distribution of UCITS and alternative investment funds (AIF) of european and non-european promoters covering the entire range of Luxembourg funds: SICAV, Common Funds, SIF, SICAR, RAIF. Supervised by the CSSF, the Company is also authorized as ManCo/AIFM for other european and non-european funds.

SELECTRA, through **tailor-made services** that guarantee a **limited "time-to-market"** and **affordable costs**, is able to provide its clients with activities and control systems in accordance to the regulatory requirements of the european directives UCITS V and AIFMD.

SELECTRA is part of FARAD Group an independent platform active in the areas of insurance and finance in Europe since 2001.

## This is how we can assist you in your project:

Why should you choose us?

We help you **set up your dedicated UCITS/AIF/IMPACT fund.**

We facilitate the **set up of your new compartment** within our existing vehicles.

We further provide all the necessary **legal and administrative assistance** for the projects' constitution analysis as well as the following services throughout the fund's life time:

- domiciliation & accounting
- directorship
- distribution
- marketing
- investment and risk management
- assets evaluation
- reporting AIFM
- reporting UCITS

As a fully licensed UCITS/AIF Management Company active in the spheres of standard and alternative investment funds, SELECTRA is ideally placed to assist Institutional Clients such as Banks, Asset Managers, Financial Advisors, Family Offices and Independent Promoters in the steps required to build their fund on a cross-border basis.

Besides managing third-party funds, the Company owns fund platforms in three main areas of business: UCITS, AIFM and Impact Investing.

**Turnkey structure** at affordable costs

**Automatic cross-border authorization**

**Distribution network** already in place

**Legal & administrative support** services included

**Tailor made solutions**

### UCITS

We offer the constitution of umbrella funds dedicated to a specific client, or the set-up of a sub-fund within our UCITS platform **Selectra Investments Sicav**. Created in 2008, the Sicav is currently authorized in Luxembourg, Italy, France, Switzerland and the Netherlands, with upcoming authorization in UK, Belgium and Germany. The Sicav is distributed by Allfunds Bank through their worldwide institutional platform.

### AIFM

Authorized as an Alternative Investment Fund Manager, we offer both the constitution of dedicated umbrella funds, or the set-up of a sub-fund within our platform - **Global AIFM Platform Sicav-SIF** where investors are free to choose between multiple alternative investment strategies (Equity, Fixed Income, Fund of funds, Private Equity, Real Estate). Currently acting as AIFM for more than 22 sub-funds in different umbrella structures, we offer passporting services in other EU-countries.

### IMPACT INVESTING

We are AIFM of **European Impact Investing Platform (EIIP)**, our luxembourgish SICAV -SIF, the first pan-European umbrella fund exclusively dedicated to Social Impact Investing. EIIP aims to host several impact sub-funds promoted by different organizations acting as a bridge between investors and organizations active in the Impact Investing sector but unable to set up their own vehicle.