

Delegation oversight?

10 important facts Investment Managers should know about CSSF Circular 18/698.



The CSSF Circular 18/698 is significantly impacting how Investment Fund Managers (IFMs) based out of Luxembourg are operating. ACOLIN has put together 10 important facts that will help you get to grips with what is expected.

1. IFMs based out of Luxembourg must comply with Circular 18/698 by the end of May, 5 months following the end of the financial year.
2. Circular 18/698 was published on 23 August 2018 and applies to all IFMs established in Luxembourg.
3. The CSSF has clarified its expectation on the oversight of fund distribution channels which are founded on the latest EU anti-money laundering (AML) and terrorist financing controls directives.
4. Oversight of direct and in-direct investors at the point of sales imposes obligations toward the oversight of registrar agents ("TA") within the transaction and settlement process.
5. Transparency is key with regards to the entire distribution channels from the IFM to the end investor.
6. Execution of due diligence obligations has a strong onus on generally applicable "risk-based approach" already imposed by the EU AML law.

7. Circular 18/698 specifies the obligations of IFMs with regards to the delegation of oversight and includes IT, compliance, internal audit and finance provisions.
8. IFMs must implement a range of complex oversight requirements for global distributors.
9. IFMs should evaluate whether to outsource delegation oversight to a third party, allowing them to benefit from not only an existing infrastructure, but also highly experienced staff.
10. Investing in digitalisation is a must-have and essential to gain a competitive advantage in the current market environment.

If you would like more information about ACOLIN's delegation oversight services, please contact

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