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PRESS RELEASE

FOR IMMEDIATE RELEASE

First-ever alternative funds depositary licence granted to Luxembourg investment firm

- **As banks drift away from servicing alternative funds and instead focus on retail funds, Q Securities enters Luxembourg with the first-ever CSSF depositary licence granted to an investment firm.**
- **The company targets the booming segment of alternative funds, which are often under pressure to quickly appoint a depositary* while also challenged by the shrinking offer from credit institutions.**

Investment firm Q Securities launched operations in Luxembourg after securing the CSSF approval to offer depositary services to alternative funds. It is the first-ever licence of the sort granted by the Luxembourg watchdog to an investment firm, as banks had traditionally dominated this segment.

“It’s an important milestone as there’s a growing market tension with many mainstream banks – traditionally offering depositary services – pulling out from this business line,” said Piotr Zaczek, Q Securities country head in Luxembourg. “Increasing regulatory requirements make it harder for banks to service small- and mid-sized funds, and instead, some drop these accounts altogether,” he said.

As all alternative funds are legally required to appoint a depositary, some fund managers have been struggling to find a service provider. Opening the market to a new type of depositary will benefit alternative fund managers who will now have more options to choose from. The company directs its offer to alternative funds of all sizes and does not exclude small- and mid-sized funds of between €20-200 million in managed assets.

Walk the ESG talk

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The company partners with alternative investment fund managers (AIFMs), central administrators, law firms and auditors. “Our sole focus is on depositary services, making us the preferred partner for other independent fund industry professionals, who are often reluctant to cooperate with rival one-stop-shop service providers,” Piotr Zaczek said.

The 60-strong company currently provides depositary services to 180 funds in Luxembourg and Poland with combined assets of €15 billion. It services a broad range of Luxembourg-domiciled alternative funds, including private equity, real estate, securitisation, hedge and ESG funds.

“It’s our firm conviction that if we service ESG funds, we need to make sure to walk the corporate governance talk,” said Agnieszka Sawa, Q Securities CEO. The company prides itself in having a gender-balanced team at all corporate levels. The three-strong executive committee – mathematically impossible to be gender-balanced – is predominantly female.

Growing pan-European trend

Q Securities is headquartered in Warsaw, while in Luxembourg, it operates through a branch. It is one of the top 3 market players in the Polish market and the largest non-banking depositary in Central Europe.

“Several years back, increasingly demanding regulatory requirements imposed with the Alternative Investment Fund Managers Directive (AIFMD) led to Polish banks pulling out from depositary services,” said Agnieszka Sawa. “As credit institutions were withdrawing, fund managers were searching for service providers who would fill the vacuum. We now observe a similar trend in Luxembourg,” she said.

It encouraged the leadership team to start expansion plans, and in 2019, the company launched the Luxembourg strategy. “We took the time to prepare the required documentation and made sure our file was top-notch,” the CEO said. “The effort paid off, as we were granted the CSSF depositary licence in an ultra-fast process that lasted less than two months,” she said.

Over the years, many financial companies from Luxembourg set up their footprint in Poland by opening shared service centres in Krakow, Wroclaw, Gdansk and Lodz. “We are doing the same step but in the other direction,” Piotr Zaczek said. The company’s Luxembourg office is located in Kirchberg.

—ENDS—

***WHAT’S THE ROLE OF A DEPOSITARY?**

The primary role of a depositary is to increase investor protection. It does so by ensuring asset custody, record-keeping, and ownership verification. A depositary is also responsible

for due diligence on third parties, fund cash flows and conflict of interest prevention. Several trends are shaping the industry:

- (1) **REGULATION:** Under the EU Alternative Investment Fund Managers Directive (AIFMD), all alternative fund managers are required to appoint a single depositary for the alternative funds they manage. The AIFMD significantly extended the responsibilities of a depositary.
- (2) **MARKET POLARISATION:** The increased obligations put on a depositary forced banks – who traditionally dominated the market – to pull out from some accounts and focus only on the most prominent clients.
- (3) **GROWING NUMBER OF FUNDS:** The trend left a void in the market as many fund managers struggled to find a depositary that would be open to servicing smaller funds. At the same time, the number of funds and asset value has been growing exponentially, especially in the alternatives landscape.

ATTACHMENTS

- Company logo
- Picture of Piotr Zaczek and Agnieszka Sawa
- Corporate brochure