



1. Introduction

Welcome to the ManCo NewsLetter!



Bernard Pons - Co-Founder/Conducting Officer of Pure Capital

Dear clients and business partners, we are very excited to send you this first Pure Capital ManCo Newsletter.

Like all of us, you are probably receiving lots of information about trends and new regulations. Our aim is slightly different as we would like to update you with what we think is relevant for our client and business partners. Hence, we will also inform you about company changes, business update, clients' testimony, Luxembourg, and Belgium key trends. This is the reason why we call this newsletter, the Pure Capital ManCo Newsletter.

As you certainly know, Pure Capital's Third-Party Management Company and AIFM services have been progressing steadily since 2020. We are close to EUR 5 billion of asset under management, and the ManCo/AIFM has 21 resources working hard to ensure the service level that you are entitled to. This success is as much your success as ours. We have grown only through referrals of our clients and business partners! We must be doing something right. Since the launch of the ManCo/AIFM services, we have never lost a client.

In this first edition, Julien Depraetere will present the insights of the Valuation department. We will update you on the upcoming changes to the Trade and Companies Register (hereinafter referred to as the "RCS"). Explain the Digital Operational Resilience Act (DORA) that companies have to be compliant by January 2025 (put it in your calendar!). To conclude we will summarize the Circular 24/856 on NAV errors and materiality threshold (be careful, your prospectus must be updated by the end of this year).

This newsletter will be distributed regularly with potential Newsflash, whenever we believe that some critical information must be broadcasted when it's hot! Of course, you can choose to drop out of this distribution list by clicking on the following link at any time....

We wish you a good reading.

2. Expert Testimony

Valuation Department



Julien Depraetere - Head of Valuation at Pure Capital

The valuation function at Pure Capital is very exciting and somehow quite challenging. Since I joined the company in 2021, we have kept growing and we're now managing several strategies such as:

- Liquid assets
- Hedge funds
- Fund of funds
- Derivatives
- Private equity
- Real estate
- Private debt
- Infrastructure

The valuation exercise is most of the time a long journey and requires a lot of judgment. Each strategy has its own characteristics but also each investment. We can have two similar assets but the technique to value them can differ. This process is smoothed thanks to solid valuation methodologies and tool kits in place at the valuation department.

What I enjoy the most is the sharing of knowledge and expertise from the involved counterparties such as but not limited to: The Valuation Committee, the External Appraisers, the Investment Manager, Investment Advisors, the General Partners and the Auditors.

3. Regulatory Update

Trade and Companies Register

Digital Operational Resilience Act



Maxime Pierrard – Legal Officer at
Pure Capital

We are reaching out to inform you of upcoming changes to the Trade and Companies Register (hereinafter referred to as the "RCS").

As of November 12, 2024, the RCS will implement major updates to its forms. These changes will require additional information to ensure the proper validation of your company's registration.

One of the key updates involves the inclusion of a Luxembourgish National Identification Number (LNIN) for each individual registered or to be registered with the RCS (e.g., manager, director, partner, auditor). As a reminder, a LNIN begins with your date of birth in reverse, followed by five digits.

Please be assured that all data provided to the RCS, including the LNIN of each individual, will be kept strictly confidential.

If you do not yet have a LNIN, the RCS will assign one to you based on the information we provide.

Failure to complete this update may potentially affect future filings with the RCS.

We appreciate your attention to this important matter and encourage you to reach out if you have any questions or if you would like us to take this step on your behalf.

The DORA was enacted in December 2022, with a compliance deadline set for 17 January 2025. This law emphasizes the importance of both operational and legal measures, prompting asset managers to begin their compliance efforts well before the deadline. Key areas of focus for asset managers include:

- Mapping business functions supported by ICT, the relevant information and ICT assets, and third-party ICT services.
- Identifying and assessing ICT-related risks.
- Revising contracts with third-party ICT providers to ensure DORA compliance.
- Determining if the asset manager qualifies for a lighter regulatory regime for small and non-interconnected investment firms.
- Developing an ICT risk management framework.

CSSF's Anticipation of DORA:

On 5 January 2024, the CSSF introduced Circular 24/847, establishing a new framework for reporting ICT-related incidents. This circular will replace Circular CSSF 11/504, addressing fraud and external computer attacks, starting 1 April 2024. It expands the criteria for reporting ICT incidents, and regulated entities must categorize and report major incidents in accordance with the new guidelines. The circular will be enforceable for management companies and AIFMs from 1 June 2024. Affected entities must assess their ICT management risks and review current ICT contracts to ensure compliance with the relevant CSSF circulars.

For your information, Pure Capital is in the process of complying with the new DORA regulations and will be fully compliant before the regulatory deadline.

4. Regulatory Update

Circular 24/856



Isabelle Vonéche - Head of Global Risk Management at Pure Capital

On March 29, 2024, the Commission de Surveillance du Secteur Financier (CSSF) issued Circular 24/856, which repeals Circular 02/77 and updates the guidelines for the investment fund industry. The circular becomes effective on January 1, 2025, and focuses on enhancing investor protection by integrating recent legal, regulatory, and industry developments.

The scope now includes Specialised Investment Funds (SIFs), Société d'Investissement en Capital à Risque (SICARs), European Venture Capital Funds (EuVECA), European Social Entrepreneurship Funds (EuSEF), European Long-Term Investment Funds (ELTIF), and Reserved Alternative Investment Funds (RAIFs) qualifying as EuVECA / EuSEF or ELTIF, in addition to the previously covered Undertakings for Collective Investment in Transferable Securities (UCITS) and Part II UCIs. The circular covers a broader range of errors, such as miscalculations in Net Asset Value (NAV), violations of investment guidelines, and various operational mistakes like incorrect application of swing pricing, fee payments, and investment allocation errors. It introduces procedures for correcting and reporting these errors to ensure transparency and accountability, requiring prompt correction and indemnification to protect investors.

Active breaches, arising from a deliberate investment decision or inaction, must be reported and corrected immediately, while passive breaches, typically caused by market movements, must still be resolved in the best interest of investors. Tolerance thresholds for different fund categories have been updated.

For instance, the tolerance threshold for Money Market Funds has been revised to 0.20% of NAV. The UCI not qualifying as UCITS are granted more flexibility in determining thresholds, which remains the responsibility of the UCI's governing body, together with the IFM. In any case, the CSSF clarifies that it does not expect tolerance thresholds exceeding 5% of the NAV and the analysis supporting the decision to apply the tolerance threshold level has to be made available to the Commission upon request. Funds applying tolerance thresholds above the recommended ones should notify their investors accordingly.

Responsibilities of various stakeholders, including management bodies, investment fund managers, depositary banks, and administrators, are clearly defined. Robust internal procedures must be implemented to manage errors, and stakeholders are required to fulfill specific disclosure obligations, especially when subscriptions involve intermediaries. Administrative Service Agents (ASAs) must provide annual and ad hoc reports in the event of significant errors.

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