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## Key figures for asset management in 2016 - Management companies overview

After an unprecedented decline in 2015, the year 2016 marked a return to slight growth, with 630 authorised asset management companies in France at the end of the year.



The number of management companies continued to increase in 2016, leading to a rise in the total number of companies at the end of the year

At 31 December, 2016, there were 630 authorised asset management companies (AMCs) in France, compared with 627 in 2015. This slight increase can be attributed to the continued growth in new companies (35). The 32 authorisation withdrawals made this year (initiated by stakeholders or the AMF) illustrate a real move towards consolidation in the industry, and perhaps more prominently than ever before.

#### New management companies

Entrepreneurial firms once again represented the lion's share of new authorisations (60%). As was the case in previous years, real asset classes drove the trend and alone accounted for the large majority of initial authorisations granted<sup>(1)</sup>.

We define "real" assets, as opposed to "traditional" asset classes (listed shares, listed bonds, CIUs, financial contracts, etc.), as instruments based in particular on underlying properties, unlisted assets or loans.

(48.5% for private equity, 34% for real estate and slightly less than 6% for securitisation). The remainder mainly consisted of firms applying classic management techniques to traditional asset classes (8.5%).

#### Authorisation withdrawals

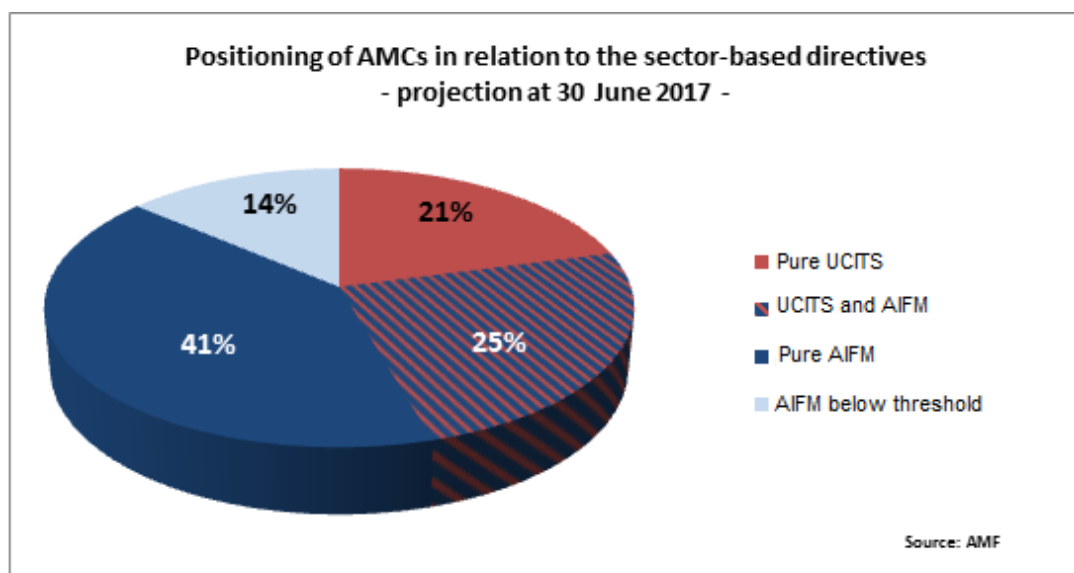
The post-crisis effects that were still highly visible in 2015 (55% of companies stopped management activity altogether) were largely minor in 2016. This gave rise to mergers between asset management companies and intragroup restructuring for the overwhelming majority (nearly 60%).

The global trend of alignment with sector-based AIFM and UCITS directives intensified by Investment Firm/AMC separation

- From 3 January 2018, asset management companies will no longer be defined under French law as investment firms. Entities that perform at least one collective asset management activity will be considered management companies and will fall under the AIFM or UCITS directives or a national regime, regardless of whether they provide investment services. This change aims to allow for greater consistency vis-à-vis different organisational models at the European level and to minimise any gold-plating associated with applying MiFID II measures to all AMCs in their capacity as investment firms. This reform will lead stakeholders to adhere more closely to the sector-based AIFM and UCITS regimes, notably in order to continue to perform discretionary management business under the two directives.
- At 31/12/2016, more than 60 companies were affected by this separation. These companies had to notify the AMF of their planned strategy for meeting organisational compliance requirements from now until the entry into force of MiFID II. 70% of them

expressed that they would opt for the AIFM directive and/or position themselves under the UCITS directive. 17% opted for the withdrawal of their discretionary management authorisation. The other companies decided to stop their management activity altogether, to merge with their parent group entity or to register for investment firm status.

- Therefore, based on the existing population at end June 2017 and the desires expressed by the companies affected by the impending regulatory changes, the population of management companies can be broken down as follows: 80% of companies authorised to manage AIFs, of which 41% exclusively under the full AIFMD and 46% for UCITS management, of which 21% exclusively. It should be noted that this breakdown is consistent with the high proportion of private equity management companies in the overall population.



## Differentiation of stakeholders based on instruments used

The wide range of financial instruments used by asset management companies in their programme of activities offers a relatively precise overview of asset management trends in France.

While the majority of companies are fully authorised to use "traditional" financial instruments (listed shares, listed bonds, European and/or retail collective investment schemes, simple financial contracts), the proportion of AMCs authorised to place trades on "real" assets (real estate, private equity, unlisted debt, etc.) has been steadily growing for several years.

As such, while the use of unlisted assets reflects the high proportion of private equity management companies in the overall population of AMCs, the most significant changes since 2010 are related to loan selection, the selection of professional AIFs and third countries, and real estate assets.


	31-Dec-10	30-June-17
<i>% of AMCs holding the corresponding authorisation</i>		
UCITS/Non-pro AIF	85%	97%
Listed financial instruments	77%	78%
Simple Financial derivative investment	62%	69%
Unlisted financial instruments	40%	48%
Pro AIFs and third countries	22%	41%
Real estate assets	8%	16%
Complex Financial derivative investment	11%	14%
Other	8%	9%
Loans	2%	7%

Source: AMF

## Notes

- 1 • We define “real” assets, as opposed to “traditional” asset classes (listed shares, listed bonds, CIUs, financial contracts, etc.), as instruments based in particular on underlying properties, unlisted assets or loans.

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