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Key figures for asset management in 2017: overview of asset management companies

The number of authorised asset management companies in France stabilised, amounting to 630 at the end of 2017.

The trend in creation of asset management companies in 2017 continued, offset by withdrawals of authorisations due to the concentration of the sector

As at 31 December 2017, the number of authorised asset management companies in France was identical to that of the previous year, at 630. This perfect stability in the number of asset management companies can be explained both by the very high number of creations of new companies (35, as in 2016) and an unprecedentedly high number of withdrawals of authorisation (35, vs. 32 in 2016; only 2015 saw a higher number of withdrawals, with 38). This confirms the trend towards consolidation in the industry, which began in 2016.

New management companies

Creations of new management companies are once again driven by private equity and real estate, which represent 66% of launches (23 out of 35); however, there is a marked return towards sophisticated management techniques (20%) relating to strategies with a strong quantitative bias, in particular. Traditional management techniques (wealth management or traditional collective management) represent the remaining 14%. Entrepreneurial projects

remained in the majority this year (51% vs. 60% in 2016) but to a lesser extent given the increasing number of files driven by groups, mainly financial and real estate.

Note that the trend in the first half-year of 2018 seems to confirm the return of alternative investments, driven in particular by technological and financial developments (e.g. virtual currencies) and by the relocation to France of companies with sites in the United Kingdom.

Withdrawals of authorisation

The consolidation of the sector continued in 2017, picking up pace, and confirming the trend observed in 2016. Withdrawals of authorisation as a result of mergers within the industry or group restructures represent more than 63%, whereas only seven withdrawals resulted from failure of the business (20% in 2017 vs. 28% in 2016). The legislative impact of the change in status of asset management companies (see below) was significant. This was at the root of nine of the 35 withdrawals of authorisation (by merger, cessation of activity, or, in one case, transformation into an investment firm).

Types of market participant

- **A population that is almost exclusively governed by sector-based directives:** the gradual implementation of MiFID II, and especially the distinction introduced between asset management companies and investment firms, reinforced even more the predominant model in France that is based on the linkage of asset management companies to the sector-specific AIFM and UCITS directives, unlike the Anglo-Saxon model that is more often based on using the status of investment firm⁽¹⁾. Thus, as at the end of August 2018, 88% of AMCs are subject to one of the two sector-based directives, including 124 solely under the UCITS regime, 274 solely under the AIFM regime, and 153 under both.
- **Varied activities:** although all AMCs manage at least one collective investment scheme⁽²⁾. Or intend to manage such a scheme within the 12 months following their authorisation., more than half of them (355) are authorised to perform individual discretionary, 10% are authorised for order reception/transmission, and 99% for investment advisory services (principally in conjunction with the marketing of the funds managed). More than a quarter of AMCs manage discretionary management mandates for unit-linked life insurance policies.
- **Very distinctive market participants in terms of instruments used:** the wide range of financial instruments used by asset management companies in their programme of activities offers a relatively fine-tuned view of asset management trends in France. While the majority of companies are fully authorised to use so-called "traditional" financial instruments (listed shares, listed bonds, mutual funds, simple financial

contracts), the proportion of AMCs that are authorised to place trades on so-called "real" assets (real estate, private equity, unlisted debt, etc.) has been steadily growing for several years, illustrating the predominance of private equity management companies among the total population of AMCs and the upward trend in the creation of companies trading in real estate.

Among the most significant changes since 2010, also note the activity in selection of debts, to which the direct granting of loans should be connected; this henceforth, at the end of 2018, concerns 20 asset management companies.

	31-Dec-10	30-June-17	31-August-18
<i>% of AMCs holding the corresponding authorisation</i>			
UCITS/Non-professional AIF	85%	97%	97%
Listed financial instruments	77%	78%	77%
Simple DFIs	62%	69%	69%
Unlisted financial instruments	40%	48%	50%
Professional AIFs and third countries	22%	41%	42%
Real estate assets	8%	16%	17%
Complex DFIs	11%	14%	15%
Other	8%	9%	11%
Loans	2%	7%	9%

- **In terms of the legal forms** used by the AMCs, almost half of them use the SAS form while one third have opted for the public limited company form.
- **83% of the AMCs are domiciled in Paris.**

Notes

- 1 • Since 3 January 2018, asset management companies are no longer defined under French law as investment firms. Consequently, entities that exercise at least one collective asset management activity are considered to be asset management companies and fall under the AIFM or UCITS directives or a national regime, whether or not they also provide investment services. This change is particularly intended to limit any instances of over-transposition linked to the application of the MiFID II provisions to all AMCs.
- 2 • Or intend to manage such a scheme within the 12 months following their authorisation.

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