AUTORITÉ DES MARCHÉS FINANCIERS

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Implementing "FROG" innovations and preparing for the entry into force of the PRIIPs Regulation: updates to AMF policy

Following on from the work done as part of the market-wide "FROG" project, the Autorité des Marchés Financiers (AMF) has amended its policy on AMF classifications, the disclosure of management fees charged by UCITS and certain AIFs, management delegation and the transformation of a common fund into a SICAV. The AMF has also made changes to its policy in preparation for the entry into force of the "PRIIPs" Regulation and following the amendments to the AMF's General Regulation that were approved on 28 June 2016.

Summary

- FROG: “AMF classifications”
- FROG: disclosure of management fees charged by UCITS and certain AIFs
- FROG: the option for AIFs to maintain a track record in cases where a common fund is transformed into a SICAV
- FROG: making more financial management delegation options available
- PRIIPs: amendments to AMF policy in preparation for the regulation coming into force

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FROG: “AMF classifications”

Purpose of the amendment

The AMF has amended its policy following the public consultation launched in 2016 on the abolition of collective investment undertaking classifications. The choice between the AMF classifications “Shares”, “Bonds” and, where applicable, “Funds of hedge funds” is now optional and the “Diversified” classification will be removed with effect from 31 December 2017, after which there will be no option to retain this classification. The “Formula fund”, “Short-term money market” and “Money market” classifications, as well as those pertaining to employee savings schemes, are not affected. Finally, collective investment undertakings that no longer have an AMF classification will still have to disclose which European Central Bank classification they fall under in their dealings with the AMF and for the purposes of the statistical declarations it must make to Banque de France.

Amended policy documents

The procedures for these amendments are set out in the main body of instructions DOC-2011-19, DOC-2011-20 and DOC-2011-21, as well as in the template prospectus for professional specialised investment funds (Annex III.1 of AMF instruction DOC-2012-06).

The policy documents listed in the table below have been amended accordingly. To make it easier to identify the amendments made to these documents, the AMF has published, via the links at the end of this article, both the new version and a “marked-up” version of the documents.

Scope	Reference	Title
Instruction	DOC-2011-19	Authorisation procedures, preparation of a KIID and prospectus and periodic disclosures by foreign UCITS marketed in France
Instruction	DOC-2011-20	Authorisation processes, preparation of a KIID and prospectus and periodic disclosures by retail investment funds, funds of alternative funds and professional investment funds
Instruction	DOC-2011-21	Authorisation procedures, preparation of a KIID and prospectus and periodic disclosures by employee investment undertakings
Instruction	DOC-2012-06	Procedures for making disclosures and introducing changes, preparation of a prospectus and reporting for specialised professional funds and professional private equity funds
Position-Recommendation	DOC-2011-05	Guide to the regulatory documents governing collective investment schemes
Position-Recommendation	DOC-2011-25	A guide to the monitoring of collective investment schemes

The AMF has also taken this opportunity to correct some material errors in Position-Recommendation DOC-2011-05.

FROG: disclosure of management fees charged by UCITS and certain AIFs

Purpose of the amendment

On 8 November 2016, the AMF changed the procedure for disclosing management fees in prospectuses and amended the rules on informing shareholders or unitholders in cases where there is an increase in administrative fees other than those charged by the management company ("external administrative fees"). Following on from these amendments, the AMF has clarified the title of the section that covers both financial management fees and external administrative fees by renaming it "financial management fees and external administrative fees".

Amended policy documents

The policy documents that have been amended are the template prospectuses for UCITS and certain AIFs. These are listed in the table below. To make it easier to identify the amendments made to these documents, the AMF has published, via the links at the end of this article, both the new version and a "marked-up" version of the documents.

Scope	Reference	Title
Instruction	DOC-2011-19 Annex XIV	Authorisation procedures, preparation of a KIID and prospectus and periodic disclosures by foreign UCITS marketed in France
Instruction	DOC-2011-20 Annex XIV	Authorisation processes, preparation of a KIID and prospectus and periodic disclosures by retail investment funds, funds of alternative funds and professional investment funds
Instruction	DOC-2011-21 Annexes XIII, XIIIa and XIV	Authorisation procedures, preparation of a KIID and prospectus and periodic disclosures by employee investment undertakings
Instruction	DOC-2012-06 Annex III.1	Procedures for making disclosures and introducing changes, preparation of a prospectus and reporting for specialised professional funds and professional private equity funds

FROG: the option for AIFs to maintain a track record in cases where a common fund is transformed into a SICAV

Purpose of the amendment

AMF policy has been amended to clarify the option available to AIFs of maintaining a track record in cases where a common fund is transformed into a SICAV.

Amended policy document

The policy document affected by this amendment is Position-Recommendation DOC-2011-05 on the regulatory documents governing collective investment schemes. To make it easier to identify the amendments made to this document, the AMF has published, via the links at the end of this article, a “marked-up” version of the document.

FROG: making more financial management delegation options available

Purpose of the amendment

Amendments to the AMF’s General Regulation allow French portfolio management companies to delegate the financial management of their collective investments to authorised entities in order to provide a portfolio management service on behalf of third parties. The AMF has also amended its policy to authorise such companies to seek out, by means of management delegation, expertise in financial management that is not available to them internally, in return for an increase in risk management resources.

Amended policy documents

Position-Recommendation DOC-2012-19 (“Programme of operations guide for asset management companies and self-managed collective investments”) and the subsequent instructions on collective investments have been amended. To make it easier to identify the amendments made to these documents, the AMF has published, via the links at the end of this article, both the new version and a “marked-up” version of the documents.

Scope	Reference	Title
Instruction	DOC-2011-19	Authorisation procedures, preparation of a KIID and prospectus and periodic disclosures by foreign UCITS marketed in France
Instruction	DOC-2011-20	Authorisation processes, preparation of a KIID and prospectus and periodic disclosures by retail investment funds, funds of alternative funds and professional investment funds
Instruction	DOC-2011-21	Authorisation procedures, preparation of a KIID and prospectus and periodic disclosures by employee investment undertakings
Instruction	DOC-2011-22	Authorisation processes, preparation of a KIID and prospectus and periodic disclosures by private equity funds
Instruction	DOC-2011-23	Authorisation processes, preparation of a KIID and/or prospectus and periodic disclosures by real estate collective investment undertakings and professional real estate collective investment undertakings
Instruction	DOC-2012-06	Procedures for making disclosures and introducing changes, preparation of a prospectus and reporting for specialised professional funds and professional private equity funds

PRIIPs: amendments to AMF policy in preparation for the regulation coming into force

Purpose of the amendment

In view of the entry into force of Regulation 1286/2014 of the European Parliament and of the Council of 26 November 2014 (the "PRIIPs Regulation") on 1 January 2018, the AMF's General Regulation has been amended to allow:

- French "funds that are open to professional investors" that do not have a KIID to opt for a KIID that complies with the UCITS directive; and
- it to be formally recorded that, from the entry into force of the PRIIPs Regulation, certain dedicated funds may continue to be exempt from the requirement to prepare a KIID, provided that the units or shares of such funds cannot be subscribed or acquired by retail clients.

The AMF has therefore clarified its policy on the consequences of submitting a KIID (in PRIIPs or UCITS format) for approved (professional investment funds and professional real estate collective investment undertakings) or declared (professional specialised investment funds and professional private equity investment funds) professional funds.

Amended policy documents

The policy documents listed in the table below have been amended accordingly. To make it easier to identify the amendments made to these documents, the AMF has published, via the links at the end of this article, both the new version and a "marked-up" version of the documents.

Scope	Reference	Title
Instruction	DOC-2011-20	Authorisation processes, preparation of a KIID and prospectus and periodic disclosures by retail investment funds, funds of alternative funds and professional investment funds
Instruction	DOC-2011-23	Authorisation process, preparation of a KIID and/or prospectus and periodic disclosures by real estate collective investment undertakings and professional real estate collective investment undertakings
Instruction	DOC-2012-06	Procedures for making disclosures and introducing changes, preparation of a prospectus and reporting for specialised professional funds and professional private equity funds
Instruction	DOC-2011-05	Guide to the regulatory documents governing collective investment schemes

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