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05 May 2021

The AMF's Enforcement Committee fines an asset management company specialising in real estate for breaches of its professional obligations

In its decision of 29 April 2021, the Enforcement Committee imposed a financial penalty of €600,000 on Corum Asset Management.

The Committee upheld the four breaches of its professional obligations alleged against Corum Asset Management. At the time of the facts, the company was managing two real estate investment companies (“SCPI”), with a total of nearly €1.5 billion of assets under management, which units were marketed to more than 24,000 subscribers, nearly all of whom were retail investors.

The Committee found that some of the marketing material disseminated by the asset management company (email newsletters, website, radio spots, YouTube videos, posters) contained information that was unclear, inaccurate or misleading. It considered that these materials emphasised the advantages of investing in the managed SCPIs while neglecting the corresponding risks, provided misleading information on the actual costs incurred by investors, and contained unclear and misleading information on the performance of these funds. Furthermore, Corum Asset Management's internal control of marketing materials was insufficiently formalised and ineffective.

The Committee also found that, in the context of the direct marketing of the SCPIs units, the asset management company was providing its investors with financial investment advisory

services. Some customers who had subscribed to units directly with the company had not provided, prior to their subscription, all the information required to ensure that the products were suitable for their profile. Others had provided information indicating a risk tolerance that was inconsistent with the level and nature of the risks of the proposed investment. The Committee therefore found that the asset management company had breached the professional obligations of persons providing financial investment advisory services.

The Committee also found that Corum Asset Management had not ensured that members of its network of partner distributors were complying with their own professional obligations, in particular those relating to customer knowledge and anti-money laundering and terrorist financing (AML/CFT), even though its programme of operations and internal procedures provided for the implementation of controls for this purpose. It therefore considered that Corum Asset Management had not complied with its internal procedures, its programme of operations and, consequently, the conditions of its authorisation.

Lastly, the Committee considered that there were several established breaches relating to the asset management company's AML/CFT system. In particular, it found that its internal procedures, the second-level controls and due diligence performed in practice in this area were insufficient. For example, the Committee found deficiencies in the identification of beneficial owners, the implementation of additional due diligence measures regarding customers who entered into the relationship remotely, and the system for classifying customers according to their level of AML/CFT risk.

An appeal may be lodged against this decision.

About the Enforcement Committee

The Enforcement Committee, which is made up of judges and professionals, has total freedom to make decisions. It can impose sanctions on any person or company whose practices contravene laws and regulations that fall within the jurisdiction of the AMF. It ratifies settlement agreements signed by the Secretary General and respondents. And it takes part in the AMF's educational efforts by clarifying financial regulations when explaining its decisions.

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