sections of the programme of ACTIVITY

This document constitutes Annex II to AMF Instruction DOC-2008-03: Authorisation procedure for asset management companies, disclosure obligations and passporting.

The document covers the various sections comprising the programme of activity.

2.A. Asset management company activities

2.B. Ancillary activities

2.C. Technical resources

2.D. Investment and divestment processes

2.E. Best execution/selection and order placing policy

2.F. Control system

2.g. Valuation of the instruments

2.H. Outsourcing and delegation

2.I. Conflicts of interest

2.J. Anti-money laundering and combating the financing of terrorism and tax evasion

2.K. Compensation policy

2.L. Marketing

2.M. International positioning

2.N. Own funds and other financial information

SECTION 2.A – Asset Management company activities

This document constitutes Annex 2.A to AMF Instruction DOC-2008-03: Approval procedures for asset management companies, disclosure requirements and passport.

1. Overview

The following table presents the main aspects of the positioning of the asset management company's activity.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Planned activities | | Yes | No | Share of total revenues from the activity (forecasts by %) | Targeted clients | | |
| Retail clients (brief description and target %) | Professional and quasi-professional clients (brief description and target %) | Eligible counterparties (brief description and target %) |
| Collective investment management and investment services | Collective investment management (French or foreign collective investment products) | X |  |  |  |  |  |
| Portfolio management for third parties (discretionary management) |  |  |  |  |  |  |
| Investment advice service |  |  |  |  |  |  |
| Reception/transmission of orders |  |  |  |  |  |  |
| Other activities | Cf. Ancillary activities section |  |  |  |  |  |  |

1. SCOPE OF OPERATIONS BY ASSET CLASS USED

The following table must be filled in **for each** asset class used.

|  |  |  |
| --- | --- | --- |
| ***SCOPE*** | | |
| ***Type of instruments used and trading markets*** | ***Strategy followed***  ***-*** *Type of strategy or strategies (e.g. asset allocation, stock picking, multi-management, arbitrage, etc.);*  *- Significance of leverage, turnover rates, etc.*  - Any other aspect characteristic of the actual management | ***Target clients and type of vehicles used (including individual portfolios)*** |
|  |  |  |
| ***ANY LIMITATIONS AND RESTRICTIONS ON THE PRESENTED SCOPE*** | | |
| ***Type of instruments used and trading markets*** | ***Instruments/strategies*** | ***Other*** |
|  |  |  |
| ***EVIDENCE OF THE COMPANY'S EXPERIENCE FOR EACH ASSET CLASS USED*** | | |
|  | | |

1. INDIVIDUAL INVESTMENT MANAGEMENT STRATEGIES

Describe any specific features related to provision of the discretionary portfolio management investment service (e.g. profiled or discretionary management, type of clients, investment of discretionary portfolios in collective investment products managed by the AMC, policy regarding fees, etc.). Also see Instruction-Position-Recommendation DOC-2019-12.

1. Investment services

All the investment services, except portfolio management for third parties, stipulated in the asset management company's authorisation form, shall be presented in this table.

|  |  |  |
| --- | --- | --- |
| **Investment services** | | |
| Investment service | Type of assets or financial instruments concerned by the investment service | * Human resources assigned to provision of the investment service * Dedicated technical resources |
| Investment adivce |  |  |
| Reception/transmission of orders |  |  |

Section 2.B – ANCILLARY activities

This document constitutes Annex 2.B to AMF Instruction DOC-2008-03: Approval procedures for asset management companies, disclosure requirements and passport.

1. SCOPE

All activities ancillary to collective investment management performed by the asset management company shall be presented in this table. Fill out one row for each activity.

If the planned activity is not listed in the table below, the asset management company should contact its portfolio manager to check that it can perform the planned activity.

|  |  |
| --- | --- |
| **Ancillary activities** | |
| Types of activity | **YES/NO** |
| **Intra-group services[[1]](#footnote-1)** |  |
| **Insurance brokerage** |  |
| **Mandates for arbitrage in units of account** |  |
| **Management of non-trading mandates** |  |
| **Administrative and accounting management of CIUs** |  |
| **Advice to companies in accordance with point 3 of Article L.321.2 of the Monetary and Financial Code** |  |
| **Investment research and financial analysis in accordance with point 4 of Article L.321-2 of the Monetary and Financial Code** |  |
| **Origination and structuring advice** |  |
| **Intermediary in banking transactions and payment services ("IOBSP")** |  |
| **Agent for third-party securitisations** |  |
| **Benchmark administrators** |  |
| **Other** |  |

1. DETAILED DESCRIPTION OF THE VARIOUS ANCILLARY ACTIVITIES

In this section, describe the approach adopted and the framework within which these activities are intended to be carried out. In particular, it is necessary to prove that these activities are performed as an extension of the asset management company's activity. Information relating to the human and technical resources, valuation, risk management or any other organisation aspect relating to the ancillary activities must be explained in this document.

**Where the asset management company acts or wishes to act as a benchmark administrator pursuant to Regulation (EU) 2016/2011 of the European Parliament and of the Council, the information listed in Annex I or, where applicable, Annex II of the Commission Delegated Regulation (EU) 2018/1646 of 13 July 2018 shall appear in an ad hoc document appended to this programme of activity.**

SECTION 2.C – Technical resources

This document constitutes Annex 2.C to AMF Instruction DOC-2008-03: Approval procedures for asset management companies, disclosure requirements and passport.

1. SYSTEMS AND SOFTWARE

The systems and software used for the asset management company's various activities (including ancillary activities) may be presented concisely in the following table. It should make it possible, in particular, to understand who are the persons taking part in each stage of development and how the various tasks performed are traced.

NB: It is not necessary to give a description of the computer equipment used nor of the software which is not useful for the performance or supervision of investment services and the collective investment management activity.

|  |  |  |  |
| --- | --- | --- | --- |
| Name of the system or software | Framework of its use (portfolio monitoring, valuation, overall risk, control, etc.) | Procedures for development (specify if proprietary systems) and input of market data (use of external databases, use of data calculated by the asset management company, etc.) | Procedures for checking and validation of settings and satisfactory operation |
|  |  |  |  |
|  |  |  |  |

1. ADDITIONAL REQUIREMENTS FOR COMPANIES SUBJECT TO THE FULL AIFMD REGIME

For asset management companies subject to the full AIFMD regime, confirm that the company has procedures and systems enabling it to implement the reporting requirements with regard to the AMF and investors.

Confirm the existence of systems capable of calculating and monitoring leverage (particularly in the case of "substantial" use of leverage within the meaning of Article 111 of the Commission Delegated Regulation (EU) No. 231/2013 of 19 December 2012) and of providing the AMF with information.

1. RECORD KEEPING, ARCHIVING AND CYBERSECURITY

Briefly describe the asset management company's organisation for recording, storing and archiving data relating to:

* the financial management activity;
* the performance of controls;
* classification and relations with clients.

Describe succinctly the business continuity plan and the cybersecurity measures adopted by the company (organisation, administration, governance and control of the measures).

1. PREMISES

Briefly describe the premises that the company will have and provide evidence that these are indeed independent premises accessible only to authorised personnel. Indicate their address. If the company has several premises, indicate the intended use for each of them. In the case of teleworking, describe the organisation adopted for this purpose.

The lease contract shall also be appended to the reference documents.

This section should be updated in the event of a change of premises.

SECTION 2.D – Investment and disinvestment processes

This document constitutes Annex 2.D to AMF Instruction DOC-2008-03: Approval procedures for asset management companies, disclosure requirements and passport.

1. GENERAL DESCRIPTION OF THE PROCESS

The asset management company's investment process ranges from the generation of strategic ideas to disinvestment. **For each of the types of management performed**, the company shall endeavour to describe this process through its stakeholders, their role, decision-making procedures and the traceability of decisions.

The programme of activity must describe the general principles employed by the asset management company for organising the investment process or processes. Accordingly, **for each activity**, the following information is expected:

1. Detailed description of the investment process (origination, investment decision, divestment decision). This description shall, in particular, highlight the specific due diligence performed depending on the activity (e.g. credit analysis for the lending activity);
2. Persons in charge of defining, drafting and validating the investment processes. **Indicate precisely the roles of the various stakeholders** notably in determining the markets and assets or financial instruments for which the company may provide services;
3. Existence and frequency of investment committee(s), specifying the persons taking part in them and the decision-making procedures;
4. Procedures adopted for the traceability of decisions.

SECTION 2.E – Best execution/selection and order placing policy

This document constitutes Annex 2.E to AMF Instruction DOC-2008-03: Approval procedures for asset management companies, disclosure requirements and passport.

1. BEST EXECUTION/SELECTION POLICY

The programme of activity must provide details of the asset management company's organisation for defining and updating the best execution and/or best selection policy: persons or departments taking part in working out policy, defining and validating the criteria used, existence of committees for evaluation or rating of the selected service providers or those to be selected, frequency of policy review or re-evaluation of intermediaries.

1. Order routing diagram

An order routing diagram must be produced. This diagram shall show the various stages and the persons or departments involved in each of them:

* Pre-allocation of orders;
* Order validation and placing by fund managers;
* Possible use of an in-house trading desk (or an outside desk when the asset management company uses the services of an accredited investment service provider to provide a third-party order receipt and transmission service);
* Order registration;
* Handling of partial executions;
* Reconciliation of positions.

When the company provides the RTO investment service, the programme of activity shall describe more precisely the company's specific organisation to ensure the registration and traceability of orders placed.

Also, the company shall describe in particular the order diagram for transactions on unconventional instruments (OTC, etc.) or in special conditions (block trading, etc.).

SECTION 2.F – Control system

This document constitutes Annex 2.F to AMF Instruction DOC-2008-03: Approval procedures for asset management companies, disclosure requirements and passport.

1. COMPLIANCE AND INTERNAL CONTROL SYSTEM

|  |  |  |  |
| --- | --- | --- | --- |
| Name of the **Chief Compliance Officer** | Reporting principles (where applicable, distinguish between line and staff) | Existence of outsourcing: specify the scope of operation and the identity of the service provider | Time devoted to its control and compliance functions. Where applicable, specify the breakdown of the service provider's operating time between controls, training, and the establishment of procedures |
|  |  |  |  |
|  |  |  |  |

Where control is outsourced, it is necessary to explain the reasons for the outsourcing, the selection criteria, the adequacy of the allocated time and the procedures for supervision of the service provider.

Breakdown of roles and traceability:

|  |  |  |
| --- | --- | --- |
|  | Tools used | Procedures for traceability of controls and review of the work performed |
| First-level control |  |  |
| Second-level control |  |  |
| Periodic control |  |  |

This section must also provide details of the organisation adopted for establishing and updating:

* the control procedures and the annual control plan;[[2]](#footnote-2)
* the risk mapping.

The various stages shall be described summarily (drafting, validation, traceability, etc.). The frequency of implementation, evaluation and updating of the system and procedures shall be specified.

It is important to specify what will be the responsibilities and role of the persons in charge of or involved in the permanent control system (compliance and internal control) as regards:

* new product creation;
* the development of new activities or investment services;
* the use of new assets or financial instruments or the implementation of new types of investment strategies;
* handling of anomalies and the various alert levels;
* procedures for reporting to the Chief Compliance Officer.

1. Risk management system

|  |  |  |  |
| --- | --- | --- | --- |
| Name of the **Risk Controller**[[3]](#footnote-3) or person in charge of the risk management function[[4]](#footnote-4) | Reporting principles (where applicable, distinguish between line and staff) | Existence of delegation: specify the scope of operation and the identity of the delegatee | Time devoted to the risk management function |
|  |  |  |  |
|  |  |  |  |

In the event of delegation of risk management, the justifications regarding delegation shall be provided in the delegation section of the programme of activity.

This section describes the risk management function, the main management indicators (including the overall risk calculation method where applicable) and the various stakeholders.

If independence of the risk management function is required, it is necessary to describe the measures implemented to ensure said independence.

The following table should be filled in:

|  |  |
| --- | --- |
| Risk management system | Breakdown of tasks among the various stakeholders |
| Determining and validating **risk budgets** |  |
| Definition and validation, for each of the strategies and/or vehicles managed, of: |  |
| * **risk indicators** |  |
| * the **overall risk calculation method** |  |
| Definition and validation of the tools, models and parameters used for **valuation of the instruments used** |  |
| Definition and validation of **quantitative management models** |  |
| Other (please specify) |  |

Regarding liquidity management (and in addition to the specific obligations for asset management companies authorised under the AIFM Directive), the programme of activity must describe succinctly the asset management company's liquidity management policy and the tools available to it for monitoring this.

Like for the persons in charge or stakeholders within the framework of the permanent control system (compliance and internal control), the role and responsibilities of the Risk Controller should be specified with regard to:

* new product creation;
* the development of new activities or investment services;
* the use of new assets or financial instruments or the implementation of new types of investment strategies (including their valuation).

1. LIQUIDITY MANAGEMENT FOR OPEN-ENDED AIFS FOR ASSET MANAGEMENT COMPANIES SUBJECT TO THE FULL AIFMD REGIME

Indicate how the company intends to monitor the liquidity risk per AIF to ensure an appropriate level of liquidity for each AIF, notably in light of their investment strategies and redemption policies.

Describe the liquidity management policy, which should include:

* a commitment to perform regular stress tests in normal or exceptional liquidity conditions; and
* the establishment of liquidity management tools allowing fair treatment of investors (prior notice, gates, lock-ups, etc.) in the event of selection of illiquid assets.

As a reminder, the frequency of the stress tests must be adapted to the nature of each AIF, notably taking into account the investment strategy, the liquidity profile, the type of investors and the redemption policy).

1. INVESTMENT IN SECURITISATION POSTIONS FOR ASSET MANAGEMENT COMPANIES SUBJECT TO THE FULL AIFMD REGIME

Indicate the existence of investments in securitisation positions.

Where AIFs have significant exposure to securitisation positions:

* Provide information concerning consideration of the requirement that the initial lender or sponsor of the fund keep a 5% economic interest in the operation.
* Describe the resources available to the company regarding credit appraisal and the performance of regular stress tests on credit positions.

SECTION 2.G – Valuation of the instruments

This document constitutes Annex 2.G to AMF Instruction DOC-2008-03: Approval procedures for asset management companies, disclosure requirements and passport.

1. DESCRIPTION OF VALUATION PROCEDURES

The company shall describe the valuation procedures for each of the types of instruments used (different from calculation of the net asset value of collective investments).

**Describe the procedure for validation of the net asset value**

1. ADDITIONAL REQUIREMENTS FOR COMPANIES SUBJECT TO THE FULL AIFMD REGIME

For asset management companies subject to the full AIFMD regime, describe the company's organisation regarding independence of the valuation function (whether it be in-house or outsourced) in order to comply with the provisions resulting from the transposition of the AIFM Directive into French law (in particular the positioning of the independent evaluator in the valuation process).

The company must have appointed an evaluator independent of the investment management functions, having appropriate expertise.

Where an outside valuation expert is used, the asset management company shall submit the professional credentials that have been given to it by the outside valuation expert in the form of a written document. These shall certify the expert's qualifications and capabilities in terms of:

* human and technical resources: the dossier shall describe here in detail the human and technical resources of the expert appointed by the company;
* appropriate procedures;
* knowledge and understanding of the AIF's strategy and assets;
* good reputation.

The asset management company must demonstrate that when selecting the delegatee for the valuation function, due diligence was carried out to verify the expert's qualifications for the delegated activity. The asset management company shall provide an analysis of conflicts of interest between the asset management company, the AIF and the expert. It shall also supervise the delegatee's activity and have the necessary experience to take back the activity at any time. The procedure for selection of delegatees described in the company's programme of activity may be used here.

Finally, it should be noted that the outside valuation expert must constantly comply with a charter provided for in 3° of Article 421-31 of the AMF General Regulation which contains:

* a description of valuation tools and methodologies;
* a principle of independence that it must comply with, notably regarding conflicts of interest;
* a notification policy and procedure by which it immediately informs the company of any change in its situation.

SECTION 2.H – Outsourcing and delegation

This document constitutes Annex 2.H to AMF Instruction DOC-2008-03: Approval procedures for asset management companies, disclosure requirements and passport.

1. OVERVIEW OF OUTSOURCED TASKS AND FUNCTIONS

This involves a general description of the tasks that are intended to be outsourced and the reasons for this outsourcing.

The following table gives details of the organisation adopted by the asset management company with regard to the outsourcing of essential tasks or functions

|  |  |  |
| --- | --- | --- |
| Nature of the outsourced essential tasks or functions | Yes/No | Description |
| Internal control and compliance functions |  | Description to be provided in the "control" section |
| Functions of valuation of the instruments used |  |  |
| Support, legal and marketing functions |  |  |
| IT systems/Business continuity plan |  |  |
| Other functions |  |  |

1. overview of delegated tasks and functions

This involves a general description of the tasks that are intended to be delegated and the reasons for this delegation (delegation of financial management, delegation of risk management and delegation of administrative and accounting management).

Regarding the delegation of financial management and/or risk management, it is necessary to describe the general framework of the delegation (method of selection, monitoring and evaluation of the delegatee) and to produce an overview of the delegations given by the asset management company (name of delegatee, scope of delegation and justifications therefor, and accreditations of the delegatee).

The asset management company shall make available to the AMF the model agreement for delegation of investment management.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Name of delegatee | Type of delegation | Nature of the delegatee (AMC, ISP, Other?) | Nationality of the delegatee | Scope of delegation |
|  |  |  |  |  |
|  |  |  |  |  |

1. Additional requirements for companies subject to the full AIFMD regime

In addition to the items listed under point 2 above, the company must also produce its analysis of the selected delegatee's compliance with the principles based on the AIFM Directive, especially with regard to compensation.

In the case of delegations for third countries, there must be an agreement between France and the country in question.

SECTION 2.I – Conflicts of interest

This document constitutes Annex 2.I to AMF Instruction DOC-2008-03: Approval procedures for asset management companies, disclosure requirements and passport.

1. DESCRIPTION

The programme of activity must provide details of the asset management company's organisation for defining and updating the conflicts of interest policy: persons or departments in charge of drafting the policy, validation process, and frequency of evaluation and updating.

Mapping should be adapted to the asset management company's activity: the main risks and control measures shall be described. In particular, whenever the organisation (human resources, governance, holdings, etc.) or activities (including ancillary activities) are liable to create a risk of conflicts of interest, the company shall produce its analysis of the cases and the methods employed to control those risks.

SECTION 2.J – Anti-money laundering and combating the financing of terrorism and tax evasion AND FRAUD (AML/CFT)

This document constitutes Annex 2.J to AMF Instruction DOC-2008-03: Approval procedures for asset management companies, disclosure requirements and passport.

1. DESCRIPTION OF THE AML/CFT SYSTEM

The programme of activity shall describe the asset management company's AML/CFT system, and in particular:

* The system for identification and assessment of the risks to which the company is exposed, specifying the name of the person in charge of implementing the AML/CFT system;
* Classification of the identified risks and the appropriate surveillance measures;
* The permanent and periodic internal control system provided for in Article R. 561-38-4 of the Monetary and Financial Code;
* The system relating to suspicious transactions, specifying the names of the TRACFIN Correspondent and Reporting Officer;
* The personnel information and training procedures.

1. USE OF THIRD PARTIES

Should the asset management company plan to outsource the performance of its obligations regarding AML/CFT or the freezing of assets, the programme of activity must specify the services concerned and the name of the service provider(s) providing those services, and send a copy (or draft) of outsourcing agreements or, failing that, the specifications.

If the asset management company plans to use a third-party introducer in accordance with Article L. 561-7 of the Monetary and Financial Code, the programme of activity shall specify the name of the third-party introducer and include a copy (or draft) of the contract signed between the asset management company and the third-party introducer.

Activities and services entrusted to third parties are included in the asset management company's internal control system.

1. obligations regarding combatting tax evasion

The programme of activity shall provide for an internal control system in charge of ensuring specifically the establishment and correct application of the internal procedures ensuring compliance with the identification and reporting obligations provided for in I of Article 1649 AC of the Code Général des Impôts (French General Tax Code) and with the obligation provided for in Article L. 564-1 of the Monetary and Financial Code.

SECTION 2.K – Compensation policy

This document constitutes Annex 2.K to AMF Instruction DOC-2008-03: Approval procedures for asset management companies, disclosure requirements and passport.

Reference documents

Directive 2009/65/EC (consolidated), Directive 2011/61/EU, Delegated Regulation (EU) No. 231/2013

Article L. 533-22-2 of the Monetary and Financial Code

Articles 321-125 and 319-10 of the AMF General Regulation

Position-Recommendation DOC-2012-12: A guide to fees

Position DOC-2016-14 concerning good compensation policies under the UCITS Directive

Position DOC-2013-11 concerning the compensation policies applicable to AIF managers

This section enables those asset management companies wanting to be authorised under Directive 2009/65/EC, the "UCITS Directive", or to be authorised under Directive 2011/61/EU, the "AIFM Directive", to include in their programme of activity specific information on their compensation policy.

The asset management company shall describe precisely the following points.

1. IDENTIFIED PERSONNEL SCOPE

Indicate the personnel identified by the asset management company that is affected by the provisions arising from the directive regarding compensation.

*As a reminder, the following personnel categories should be included in the identified personnel, unless the asset management company can prove that they have no significant impact on the risk profile of the UCITS and/or AIFs and/or the company:*

* *executives (executive managers and investment managers);*
* *managers of support functions (Marketing Manager, Human Resources Manager, Administrative Manager);*
* *financial managers;*
* *the Risk Controller;*
* *the Chief Compliance Officer;*
* *the risk takers identified for the provision of non-core services provided for in Article 6, paragraph 3, of the UCITS Directive, or in Article 6, paragraph 4, of the AIFM Directive;*
* *any other employee having a significant impact on the risk profile of the company or the UCITS/AIFs managed AND whose salary is significant.[[5]](#footnote-5) This category of personnel members may include, for example, salespersons, individual market operators and specific trading desks.*

1. Types of compensation paid by the AMC

Indicate the various types of compensation paid by the asset management company to the identified personnel, distinguishing between fixed compensation and variable compensation.

Specify the types of variable compensation paid (cash, equities, options, discretionary pension contributions, etc.).[[6]](#footnote-6)

|  |  |
| --- | --- |
| Categories of personnel concerned | Variable compensation (specify the type) |
|  | Yes ☐ No ☐  Type: … |
|  | Yes ☐ No ☐  Type: … |

Do the identified personnel receive compensation explicitly[[7]](#footnote-7) indexed on performance fees related to the management of UCITS/AIFs?

Yes ☐ No ☐

If applicable, are they in line with AMF Position No. 2012-12 (A guide to fees) and do they ensure an alignment of interests with investors?

Yes ☐ No ☐

1. Application of the principle of proportionality

Indicate whether the company wants to refer to the principle of proportionality, making a distinction between proportionality relating to the company's characteristics and that relating to the various personnel categories.

Specify the criteria that made it possible to refer to it:

At the company level:

* Size of the AMC (number of employees, number of risk takers), amount of assets under management (UCITS and assets under discretionary management, when the company asks to be subject to the UCITS Directive; or AIFs, including leveraged funds, and assets under discretionary management, when the company asks to be subject to the AIFM Directive);
* Nature, scope and complexity of the activities performed;

At the employee level:

* Compensation structure for members of the personnel (amount of variable compensation and/or percentage of variable compensation relative to fixed compensation).

The asset management company refers to the principle of proportionality provided for in III of Article 321-125 and III of Article 319-10 of the AMF General Regulation:

Yes ☐ No ☐

If the AMC is also accredited under the AIFM Directive, was the principle of proportionality applied for its accreditation under said directive?

Yes ☐ No ☐

If the AMC is also accredited under the UCITS Directive, was the principle of proportionality applied for its accreditation under said directive?

Yes ☐ No ☐

|  |  |
| --- | --- |
| **Criteria** | **Justifications** |
| Size of the AMC | AUM in UCITS: …  AUM in AIFs (including leveraged funds): …  Assets under discretionary management: … |
| Number of employees |  |
| Number and category of identified employees |  |
| Nature, scope and complexity of the activities performed – types of investment management strategies |  |
| Compensation structure for members of the personnel:  - Maximum amount of variable compensation in euros;  - Maximum percentage of variable compensation relative to fixed compensation. | Maximum amount of variable compensation of the identified personnel in euros: …..  *(Any comments):*  No maximum amount: ☐  Maximum percentage of variable compensation of the identified personnel: …..  *(Any comments):*  No maximum percentage: ☐ |

1. Procedures for payment of variable compensation

Describe the procedures for payment of variable compensation, if applicable:

* Indicate the deferred payment timeline (length of deferment period, proportion of variable compensation deferred and form of the deferred variable compensation);
* Indicate whether the payments are in cash or in financial instruments;
* Give details of the retention policy;
* Specify the procedures for ex-post risk adjustment.

|  |  |
| --- | --- |
| **Payment procedures** | **Explanations** |
| Proportion of variable compensation paid in cash and financial instruments | *As a reminder, at least 50% of the variable component of compensation shall consist of units or shares of the UCITS/AIF concerned, an equivalent equity interest, or equity-linked instruments or equivalent non-cash instruments offering equally effective incentives.* |
| Proportion of variable compensation deferred | *As a reminder, at least 40% of the variable component of compensation shall be deferred.* |
| Length of deferment period | *As a reminder, the deferment period shall be at least three years.* |
| Details of the retention policy, where applicable | *As a reminder, the retention period is the period during which the variable compensation which has already been vested and paid in the form of instruments cannot be sold.* |
| Ex-post risk adjustment procedures | *As a reminder, the variable compensation, including the deferred portion, is paid or vests only if its amount is compatible with the financial situation of the AMC and if it is justified by the performance of the business unit, of the portfolios that it manages and of the person concerned.*  *The total amount of variable compensation is generally far smaller when the asset management company and/or the portfolios that it manages post mediocre or negative financial performance.* |

1. Governance and establishment of a Compensation Committee

The asset management company declares that it complies with point I, 3) of Article 321-125 (when the company is accredited under the UCITS Directive) and/or with points I 3) and 4) of Article 319-10 (when the company is accredited under the AIFM Directive) of the AMF General Regulation relating to compensation governance:

Attestation of compliance ☐

The company refers to the principle of proportionality to avoid establishing a Compensation Committee, mentioned in point I, 3) of Article 321-125 (when the company is accredited under the UCITS Directive) and/or with point I 4) of Article 319-19 (when the company is accredited under the AIFM Directive) of the AMF General Regulation:

Yes ☐ No ☐

If so, why?

- In accordance with the example referred to in the ESMA guidelines, the asset management company manages UCITS/AIF portfolios (depending on the requested accreditation) of a value not exceeding 1.25 billion euros and does not have more than 50 employees, including those dedicated to management of the AIFs/UCITS and to provision of the services referred to in Article 6, paragraph 3, a) and b) of the UCITS Directive and in Article 6, paragraph 4, of the AIFM Directive (discretionary management and non-core services):

Yes ☐ No ☐

- The company forms part of a banking, insurance or investment group or a financial conglomerate in which an entity is required to create a compensation committee and the existing compensation committee accepts responsibility for checking the asset management company's compliance,

Yes ☐ No ☐

- The company has taken into consideration aspects such as whether the asset management company is listed or not, its legal structure, the number of employees, assets under management, the fact that the asset management company also manages AIFs (if accredited under the UCITS Directive) or UCITS (if accredited under the AIFM Directive), and the provision of the services referred to in Article 6, paragraph 3 of the UCITS Directive or Article 6, paragraph 4 of the AIFM Directive:

Details: …

1. Risk alignment

Indicate whether the company has implemented a discretionary pension policy (including for departing personnel) and a hedging prevention policy (points 16 and 17 of Article 321-125 and points 16 and 17 of Article 319-10 of the AMF General Regulation).

Substantiate compliance where applicable.

The asset management company has established a discretionary pension policy (including for departing personnel) and prohibits any form of hedging against variations in compensation resulting from the payment instruments:

Yes ☐ No ☐

1. Reporting

The asset management company declares that it complies with or has taken all necessary measures to comply with the publication requirements stipulated in Articles 411-107 or 422-67, 411-113 or 422-71, and 411-121 or 422-79 and 422-80 of the AMF General Regulation and with the supplementing Instructions:[[8]](#footnote-8)

Attestation of compliance ☐

1. Points for attention

Indicate any information that should be brought to the AMF's notice regarding compensation.

1. Statement of compliance

The asset management company declares that it complies with points 1 to 12 and 16 to 18 of I of Article 321-125 or with points 1 to 12 and 16 to 18 of I of Article 319-10 of the AMF General Regulation.

Attestation of compliance ☐

SECTION 2.L – Marketing

This document constitutes Annex 2.L to AMF Instruction DOC-2008-03: Approval procedures for asset management companies, disclosure requirements and passport.

1. ASSET MANAGEMENT COMPANY PRODUCT MARKETING

The programme of activity shall specify the asset management company's organisation for distribution of the products under its management:

***Direct marketing by the asset management company***

|  |  |  |  |
| --- | --- | --- | --- |
| Products | Targeted clients | Client origination (senior managers' relations, intermediaries, etc.) | Documentation sent and client follow-up (frequency of dispatches, validation of documentation, etc.) |
| Products accessible to retail clients[[9]](#footnote-9) |  |  |  |
| Products reserved for professional clients[[10]](#footnote-10) and third-country AIFs |  |  |  |

***Intermediated marketing***

|  |  |  |  |
| --- | --- | --- | --- |
| Marketing framework | Distribution channels / distributor's status /  form of contract | Method of remuneration (retrocession, per deed, etc.) | Procedures for supervision and follow-up of distributors (documentation, etc.) |
| Products accessible to retail clients[[11]](#footnote-11) |  |  |  |
| Products reserved for professional clients[[12]](#footnote-12) and third-country AIFs |  |  |  |

1. MARKETING OF PRODUCTS MANAGED BY ANOTHER FUND MANAGER (INCLUDING GROUP PRODUCTS)

The programme of activity shall specify the asset management company's organisation for distribution of the products for which it is the distributor but not the producer.

|  |  |  |  |
| --- | --- | --- | --- |
| Targeted clients | Client origination | Documentation sent and client follow-up (frequency of dispatches, validation of documentation, etc.) | Form of contract and procedures for remuneration as distributor |
|  |  |  |  |
|  |  |  |  |

1. CONDUCT-OF-BUSINESS RULES (CLASSIFICATION AND EVALUATION)

The company shall aim to describe the client classification and evaluation procedures.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Products | Classification | | Evaluation | |
| Person in charge  (name or title) | Traceability | Person in charge  (name or title) | Traceability |
| Collective investments |  |  |  |  |
| Discretionary portfolios |  |  |  |  |
| Other |  |  |  |  |

SECTION 2.M – International positioning

This document constitutes Annex 2.M to AMF Instruction DOC-2008-03: Approval procedures for asset management companies, disclosure requirements and passport.

This section of the programme of activity is designed to describe:

* The asset management company's European/international positioning;
* Planned activities in other member/non-member states;
* The scope and planned form of those activities (FPS/FE or foreign subsidiaries);
* The organisation, processes and controls of these entities, based on their differences with the existing arrangements described in the present programme of activity;
* Interactions between the asset management company and its branches, and the company's organisation to control them.

SECTION 2.N – Own funds and other financial information

This document constitutes Annex 2.N to AMF Instruction DOC-2008-03: Approval procedures for asset management companies, disclosure requirements and passport.

1. SUPERVISION OF OWN FUNDS

Specify:

|  |  |
| --- | --- |
| The person in charge of own funds management: |  |
| The procedures for investment of own funds (regulatory and additional): |  |
| Procedures for and frequency of controls: |  |

For asset management companies in course of creation, it is important to specify the amount and nature of the company's own funds, consistent with the projections and assumptions adopted below.

**If an asset management company wishes to invest part of its own funds in assets which are not considered liquid and/or not speculative, this possibility should be allowed for in its programme of activity, which shall also provide evidence that the cumulative requirements for doing so are met.**

**For the investment of additional own funds, a company using cash pooling shall describe the specific investment procedures in its programme of activity.**

1. Additional requirements for companies subject to the full AIFMD regime

Provide an analysis by the company of the risks to be covered and of its level of own funds, giving evidence of:

* compliance with the level of core equity capital;
* the existence of additional own funds or subscription to a civil liability insurance policy.

*Note that:*

* the additional own funds shall be calculated on the total assets under management, taking into consideration the leverage of AIFs under management, and must be reviewed every year;
* the additional own funds requirement of 0.01% under the AIFM Directive is a minimum. The asset management company shall present its analysis of the own funds requirement needed to cover the operational risk arising from its activity, which may lead it to adopt a level of additional own funds higher than the minimum 1 basis point stipulated by the Directive. In particular, the company must take into consideration the indemnities paid to its clients, where applicable, for the past three years.

1. OWN FUNDS INFORMATION

If the company has established additional or ancillary own funds capital, the programme of activity must provide evidence of compliance with the CRR Regulation.[[13]](#footnote-13)

1. Acquisition of holdings by the asset management company

The programme of activity shall list the asset management company's holdings and justify continuation of the activity.

|  |  |  |  |
| --- | --- | --- | --- |
| Name of the holding | Is the company regulated? | % holding | Justification for continuation of the activity |
|  |  |  |  |

1. Other financial information

*This part shall be filled in at initial authorisation of the asset management company. It is not required that this information be updated except in the event of material changes in the company (thorough reorganisation, alliance, development of a new business, etc.).*

The dossier shall contain estimated information over three years' operations of the asset management company, presented in accordance with the following table (for existing companies, the relevant figures concerning the prior financial year).

It should be stressed that the prospective contents of the application for authorisation cannot take into consideration variable fees (related to the performance of the vehicles under management).

The programme of activity shall also describe:

* **The initial assumptions (first year) in terms of AUM and revenues**

For **asset management companies in the course of creation**, it is important to specify:

* the various phases of the company's commercial development;
* the number and nature of the first investors with whom the company has already entered into formalities and who will take part in the launch of the first products, as well as any expressions of interest in its possession;
* forecasts for assets under management (AUM range according to the various scenarios).
* **The development assumptions (following years)**

The development assumptions adopted shall be conservative and substantiated.

Determine the breakeven point for the asset management company.

This will involve presenting the development assumptions adopted for the following years:

* justifying the AUM targets based on the distribution channels and the targeted client base;
* presenting a level of costs consistent with the resources employed by the asset management company.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***In thousands of euros*** | | **First year[[14]](#footnote-14)** | **Second year** | **Third year** |
| **Assets under management** | French or foreign collective investment products (excluding third countries) open to retail clients |  |  |  |
| European AIFs for professional clients and third-country AIFs |  |  |  |
| Management mandates |  |  |  |
| **Total** |  |  |  |
|  |  |  |  |  |
| **Management fees** | **Total 1** |  |  |  |
| Management fees for French or foreign collective investment products (excluding third countries) open to retail clients |  |  |  |
| Fees for management of European AIFs for professional clients and third-country AIFs |  |  |  |
| Discretionary management fees |  |  |  |
|  |  |  |  |  |
| **Other management-related revenues** | **Total 2** |  |  |  |
| Turnover commissions |  |  |  |
| Subscription/redemption fees for French or foreign collective investment products |  |  |  |
| Retrocession fees for management of French or foreign collective investment products |  |  |  |
| Other (please specify) |  |  |  |
|  |  |  |  |  |
| **Revenues from ancillary activities** | **Total 3** |  |  |  |
| Revenues related to the investment advisory activity |  |  |  |
| Revenues related to the order reception and transmission activity |  |  |  |
| Other (direct marketing, corporate advisory services, marketing of French or foreign collective investment products for which the company is not the official asset management company, benchmark administration, etc.) |  |  |  |
|  |  |  |  |  |
| **Total revenues** | **= Total 1 + Total 2 + Total 3** |  |  |  |
| **Operating expenses** | **Total operating expenses** |  |  |  |
| Wage costs |  |  |  |
| Other external charges |  |  |  |
| *Including retrocession fees[[15]](#footnote-15) recognised as operating expenses* |  |  |  |
| Other expenses |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
| **Operating profit (= total revenues - total operating expenses)** | |  |  |  |
| **Net profit/(loss)** | |  |  |  |
|  |  |  |  |  |
| **Total overheads (= Total operating expenses – retrocession fees)** | |  |  |  |
| **Quarter of overheads (= Overheads/4)** | |  |  |  |
| **Own funds \***  **+ Additional own funds**  **- Dividends to be distributed**  **- Intangible assets**  **= Projected regulatory own funds of the company[[16]](#footnote-16)** | |  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

1. Provided that these activities do not come within one of the categories mentioned below. [↑](#footnote-ref-1)
2. The documents in themselves shall be merely held at the disposal of the AMF. [↑](#footnote-ref-2)
3. Within the meaning of Instruction DOC-2012-01, i.e. if a permanent and independent risk management function is required. [↑](#footnote-ref-3)
4. In the event of non-independence of risk management and/or the delegation of this function. [↑](#footnote-ref-4)
5. An employee whose salary is significant as defined by AMF Position No. 2013-11 taking into account the ESMA recommendations on AIFM compensation is an employee whose compensation "is in the same pay bracket as senior management and risk takers". Thus, the expression "significant salary" here refers to the variable compensation that is paid chiefly to executives and financial managers. [↑](#footnote-ref-5)
6. Excluding profit sharing and incentive schemes. [↑](#footnote-ref-6)
7. In other words it is indicated to them specifically as such in the compensation policy applicable to them. This compensation represents payments related to the performance of the UCITS/AIFs made directly by the asset management company or by the UCITS/AIF itself to the identified personnel. [↑](#footnote-ref-7)
8. For UCITS: Instruction DOC-2011-19; for FIVG, FFA and FPVG funds: Instruction DOC-2011-20; for FCPE funds: Instruction DOC-2011-21; for private equity funds: Instruction DOC-2011-22; for OPCI and professional OPCI real estate funds: Instruction DOC-2011-23; for declared funds: Instruction DOC-2012-06. [↑](#footnote-ref-8)
9. French or foreign collective investment products (excluding third countries) open to retail clients. [↑](#footnote-ref-9)
10. AIFs established in France or in another European Union Member State intended for professional clients. [↑](#footnote-ref-10)
11. French or foreign collective investment products (excluding third countries) open to retail clients. [↑](#footnote-ref-11)
12. AIFs established in France or in another European Union Member State intended for professional clients. [↑](#footnote-ref-12)
13. Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, amending Regulation (EU) No. 648/2012 [↑](#footnote-ref-13)
14. Specify the length of the first financial year if > 12 months. [↑](#footnote-ref-14)
15. Retrocession fees to remunerate the entities in charge of distribution of the asset management company's UCITS/AIFs and/or their marketing activities. [↑](#footnote-ref-15)
16. Excluding additional own funds or ancillary own funds applicable depending on the volume and type of assets under management. Where applicable, produce an analysis of the level of own funds. [↑](#footnote-ref-16)