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24 July 2015

The Autorité des Marchés Financiers (AMF) is strengthening its policy on the obligations of discretionary portfolio management with respect to retail clients

Its policy is being strengthened in order to improve investor protection and the supervision of asset managers' practices with respect to discretionary portfolio management for retail clients. The changes made to position-recommendation DOC-2007-21 in particular concern the resumption of certain principles already applied to collective investment and the addition of items to allow enhanced supervision of mandates invested in unlisted securities.

The AMF is adopting policy elements already applicable in the framework of collective management. In this regard it recommends:

- Presenting the risk-return profile in the form of a composite indicator ranging from 1 to 7 before the mandate is signed.
- Improving the readability of the risk profile (for example by using the "profil prudent" (conservative profile) label in a suitable manner),
- Improving the understanding of performance (in particular by introducing the automatic comparison of the mandate's performance against the benchmark indicator)

- Supervising outperformance commissions (by ensuring that these commissions meet a number of conditions).

Further to these alignments with collective management policy, the AMF publishes recommendations on the content of periodic management activity statements.

Finally, for the year 2014 the AMF has noted an increase in the number of offers of mandates invested in unlisted securities that appear as a means of financing SMEs in exchange for an advantageous tax reduction. (see "Mandats ISF-PME" (ISF-SME Mandates)). Also, in order to improve transparency in relation to retail investors, the AMF will now be supervising this type of mandate, in particular regarding:

- Fees;
- Conflict-of-interest situations;
- Valuation of the financial instruments held; and
- Information from the mandate holder on the impact of the investment on preference shares.

About the AMF:

The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected, providing investors with adequate information and supervising the orderly operation of markets. Visit our website www.amf-france.org. URL = [http://www.amf-france.org].


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