



AUTORITÉ
DES MARCHÉS FINANCIERS

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The Autorité des marchés financiers publishes a study on the barriers to cross-border distribution of investment funds in Europe

While the large number of European passports in asset management shows that this measure is a success, the AMF's study highlights that impediments do remain to the distribution of investment funds, and also suggests ways of developing the cross-border offer in Europe and boosting investor confidence.

Within the framework of its Capital Markets Union Action Plan, the European Commission has set the goal of creating a truly European market for retail financial services by offering consumers a broader choice of financial investments. The Autorité des marchés financiers, which is actively engaged in the European debate, wished to shed light on the possible brakes to cross-border distribution of investment funds in Europe.

In a study entitled "Cross-border fund distribution in Europe: identifying the barriers to entry and improving investor confidence", the AMF presents an overview of the passports granted. According to the European Commission, 80% of European UCITS and 40% of AIF have a cross-border passport in 2016. This high number attests to the success of this door opener, which enables European funds to be sold in other member states. The annual cost of obtaining a passport is very low with respect to the activity of the fund, as it represents between 0% and 0.0016% of the average amount of assets under management.

While there are numerous passports, this is not always synonymous with the real marketing of funds in countries targeted by the asset management companies. The study identifies a number of impediments to this cross-border distribution: distribution networks' preference for their own products, the required adaptation to local consumer profiles, taxation, and the consumer's national bias.

On the strength of these conclusions, the AMF suggests three ways of developing the cross-border provision of investment funds while protecting European consumers:

- Promote open architecture fund distribution and the convergence of marketing rules;
- Strengthen the confidence of savers by allowing the local authority to supervise the advertising of financial products sold on its territory;
- Open the debate on control of marketing actions carried out from abroad.

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.

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