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The Autorité des marchés financiers (AMF) and the Autorité de contrôle prudentiel et de résolution (ACPR) issue a reminder on their expectations concerning the distribution of financial products that invest in real estate

Noting an increase in inflows to financial products that invest in real estate – real estate investment companies (SCPI), real estate collective investment undertakings (OPCI), and unit-linked life insurance policies invested in real estate – the two supervisory authorities wish to remind distributors of the steps they must observe to properly market these products.

The year 2016 saw a record level of net inflows into real estate investment companies (SCPI), totalling €5.56 billion, while real estate collective investment undertakings (OPCI) marketed to retail investors pulled in €4.08 billion. These figures amount to increases of respectively 30% and 66.4% compared with 2015⁽¹⁾.

Noting this substantial increase, the ACPR and AMF wish to remind distributors of financial products that invest in real estate of the following rules:

- Investment services providers – even if working through a tied agent – financial investment advisers, and banking or financial direct marketers must screen their clientele before marketing these products, taking into consideration the advantages and disadvantages of each product. Distributors are also asked to take care to avoid the risks of improper marketing of these products;

- Insurance brokers who market a life insurance policy that includes a real estate investment must fulfil the disclosure and advisory obligations stipulated in the insurance code;
- Furthermore, the authorities ask that investment services providers and other professionals involved in the marketing of SCPI and OPCI products to ensure that marketing materials do not focus solely on past performances. Past performance may be presented only as one of the many characteristics of the OPCI or SCPI product, and may not be given special emphasis.

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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[1] Source: IEIF – Institut de l'Épargne Immobilière et Foncière.

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