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Loan origination by investment funds: publication of an AMF instruction on the organisation of management companies

The Autorité des Marchés Financiers (AMF) has published an instruction on the organisational conditions to be fulfilled by French asset management companies managing alternative investment funds (AIFs) that wish to grant loans (DOC-2016-02). This instruction describes the requirements that must be met to obtain an authorisation or an extension of an authorisation.

Requirements for the management company

Instruction DOC-2016-02 sets out the conditions a French asset management company must fulfil to obtain an authorisation or an extension of an authorisation to enable the funds that it manages to grant loans.

The instruction covers:

- The lending-specific credit analysis system;
- Valuation, risk monitoring and control;
- The expertise required of the management company;
- The potential use of an external service provider to prepare the credit analysis;

- Legal analysis and assessment of capital requirements;
- Conflicts of interest;
- Debt recovery.

Lastly, the instruction describes the procedures the management company must follow to report to the AMF and the Banque de France on all the loans its funds have granted.

Categories of collective investments that may originate loans

European long-term investment funds (ELTIFs)

European long-term investment funds (ELTIFs) are subject to the ELTIF regulation which sets out the conditions under which such funds may grant loans.

Certain AIFs

Professional specialised funds, professional private equity investment funds and securitisation undertakings which are not authorised as ELTIFs may soon be able to grant loans under conditions that will be set by decree and by the AMF General Regulation.


Read more

- Instruction DOC-2016-02: Organisation of asset management companies for managing loan-granting AIFs
- Guide of European Long-Term Investment Fund (ELTIF)
- Result of the public consultation on the ability for investment funds to grant loans

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