

Book III - Service providers

Title I - Investment services providers

Chapter II - Organisational rules

Section 7 - Third-party risk management

Sub-section 1 - Risk management policy and risk measurement

Paragraph 1 - Permanent risk management function

General regulation of the AMF

Article 312-45 into force since 05 July 2018

DISCLAIMER : Information boxes have been inserted within the General Regulation. They allow for a direct access to the relevant European regulations on the subject matter.

The user will be redirected to the European regulations as initially published in the Official Journal of the European Union and to the subsequent corrigenda, if any. The AMF does not guarantee the completeness of the redirections to these European regulations and corrigenda.

The boxes are located at the most relevant level of the GRAMF depending on the provision of the EU regulations to which they refer (Book, Title, Chapter, Section, etc.).

This additional material is provided for information purposes only and does not constitute a regulatory instrument. The AMF shall not be held liable or responsible for any harm resulting directly or indirectly from the provision or the use of these information boxes.

Article 312-45

I - The investment service provider shall establish and maintain a permanent risk management function.

II.- The permanent risk management function shall be hierarchically and functionally independent from operating units.

However, the investment service provider may derogate from this obligation where the derogation is appropriate and proportionate in view of the nature, scale, diversity and complexity of its business and of the individual portfolios it manages.

The investment service provider shall be able to demonstrate that appropriate safeguards against conflicts of interest have been adopted so as to allow an independent performance of risk management activities, and that its risk management process satisfies the requirements of Article L. 533-10-1 of the Monetary and Financial Code.

III.-The permanent risk management function shall:

a) Implement the risk management policy and procedures;

b) Ensure compliance with the system for limiting the risks of individual portfolios;

c) Provide advice to the board of directors as regards the identification of the risk profile of each individual portfolio managed;

d) Provide regular reports to the board of directors and, where it exists, the supervisory function, on:

- the consistency between the current levels of risk incurred by each individual portfolio managed and the risk profile agreed for that portfolio;
- the compliance of each individual portfolio managed with relevant risk limiting systems;
- the adequacy and effectiveness of the risk management process, indicating in particular whether appropriate remedial measures have been taken in the event of any deficiencies;

e) Provide regular reports to the senior management outlining the current level of risk incurred by each individual portfolio managed and any actual or foreseeable breaches of their limits, so as to ensure that prompt and appropriate action can be taken.

Where appropriate in view of the nature, scale and complexity of its business and of the individual portfolios it manages, the investment service provider may apply the obligations of c, d and e for each type or profile of individual portfolio managed.

IV.-The permanent risk management function shall have the necessary authority and access to all relevant information necessary to fulfil the tasks set out in III.

📌 **Version into force since 5 July 2018**