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12 October 2022

The AMF updates its policy on management fees for collective investment undertakings (CIUs)

The AMF is modernising the rules on the presentation, content and charging of administrative fees external to the management companies of UCITS and some AIFs.

Until now, the maximum financial management fees and administrative management fees external to the CIU management company could be presented in the prospectus in two ways: either as a flat management fee covering the two types of fees, or two separate blocks, each with a ceiling, with external administrative management fees deducted on the basis of actual fees. This applied to UCITS, retail investment funds, funds of alternative funds, professional investment funds, employee saving scheme funds and specialised professional funds.

The AMF is upgrading this regime to make the presentation of fees in prospectuses more flexible:

- The list of fees that can be displayed in the second block has been expanded and renamed "operating fees and other services". While this list is no longer exhaustive, examples of fees that may or may not be included in this category have been added in order to provide investment management companies with better guidance on how to present these fees. In any case, management companies must specify all the fees in question in their prospectus.

- With regard to "operating fees and other services", investment management companies can now choose between payments based on actual expenses (existing method) or based on a predefined flat rate, in both cases not exceeding the maximum rate provided for in the prospectus.

To allow management companies to adapt the presentation of fees in the prospectus of the CIUs in question, the AMF has amended the policy to waive the requirement for specific disclosures or a no-fee exit if the changes in fee presentation do not increase the total fees of the funds in question (for example, in the case of a switch from a single-block presentation to a two-block presentation and vice versa if the total management fees are equal to or lower than the maximum rate previously displayed, or the concomitant elimination of another fee item, such as movement commissions).

CIUs in existence on 6 October 2022 may nevertheless choose to maintain the fee structure under the conditions of AMF Position-Recommendation DOC-2011-05 in force on 6 October 2022 and continue to use the terminology "administrative fees external to the management company" under item 2 or "financial management fees and administrative fees external to the management company". The conditions of reporting to shareholders or unit-holders of the CIU are those provided for in Article 8 of the instructions DOC-2011-19, DOC-2011-20 and DOC-2011-21 in force before the same date.

Read more

AMF Instruction DOC-2011-19- Authorisation processes, preparation of a KIID and a prospectus and periodic reporting for French and foreign UCITS marketed in
✚ France (in french only)

AMF Instruction DOC-2011-20 - Authorisation processes, preparation of a KIID and a prospectus and periodic reporting for retail investment funds, funds of
✚ alternative funds and professional retail investment funds (in french only)

AMF Instruction DOC-2011-21 - Authorisation procedures, preparation of a KIID and a prospectus, and periodic reporting for employee saving scheme funds and
✚ its appendices (in french only)

✚ Annex III-1 of AMF Instruction DOC-2012-06 (in french only)

Position-recommendation AMF DOC-2011-05 – A guide to regulatory documents
✚ governing employee savings scheme funds (in french only)

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