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Media release

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French fund industry wants to promote structural changes to support its further development, says market-led report

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16 recommendations put forward to improve the effectiveness of the French fund distribution model for domestic and international investors

Produced by Euroclear France, in collaboration with management consultancy Ailancy and members of the French financial services community, the report proposes developments to increase attractiveness and competitiveness of the French fund distribution model.

This report reflects today's context of new technology trends and increasing requirements in relation to transparency and Know Your Customer principles. It also builds on the dynamics of the FROG (French Routes and Opportunities Garden) initiative undertaken in 2016.

The working group was composed of asset management companies, market infrastructures and transfer agents. The knowledge and experience of the group combined to identify opportunities for the funds markets, such as:

- Anti-money laundering (AML)/ Know your Customer (KYC) and direct distribution
- Transparency along the holding chain
- Development of cross-border distribution

The full report, available here, considers how new technologies might play a role in making some processes more efficient, as well as exploring the opportunity of using fund shares for collateral management purposes.

The industry associations (AFG and AFTI) have both supported the initiative and took note of the working group recommendations as observers. Both associations will take all actions deemed necessary to support the implementation of the recommendations that they selected.

Commenting on the report, Brigitte Daurelle, CEO of Euroclear ESES CSDs said: "This new collaboration, that as a market infrastructure we wanted to have, aims at supporting the development of the asset management industry in France. This report is the first step of a process that will allow to further increase attractiveness of the French fund distribution model to meet the evolving needs of both issuers and investors."



Eric Dérobert, chairman of AFTI, said: “The French fund industry has an ecosystem where AFTI members play a key role as custodians, depositaries, fund administrators, transfer agents and registrars. The mission of AFTI is to contribute to the discussions between all stakeholders and facilitate the implementation of projects of common interest.”

Eric Pinon, chairman of AFG said: “Blockchain, Big Data or artificial intelligence; the succession of technological innovations requires asset management players to review their development and organisation roadmaps at a much faster pace than in the past. As an industry association, AFG helps its members to face these challenges by ensuring a collaboration with all players of the ecosystem and by implementing relevant ideas to support the successful development of the asset management industry.”

Pierre Monteillard, associate at Ailancy added: “This marketplace reflection, facilitated by Ailancy, demonstrated that asset management players have a very strong interest for a drastic simplification of the currently existing fund distribution and subscription models and practices. We believe that the French market, which comprises major industry players and has engaged many promising initiatives, is able to provide solutions that will become a reference at global level. The report allows to define and detail the required industry, regulatory and technological initiatives to fulfil this strategic ambition.”

Note to editors

About AFG

www.afg.asso.fr ; follow us on Twitter [@AFG_France](https://twitter.com/AFG_France)

AFG, the French Asset Management Association (Association Française de la Gestion financière) is the professional body representing the asset management industry. AFG’s members are French asset managers: either boutique entrepreneurial houses or subsidiaries of banking, insurance or money management groups.

French asset managers manage in France assets worth € 4,000 billion: € 1,950 billion in the form of investment funds and € 2,050 billion in the form of discretionary mandates and funds domiciled abroad.

About AFTI

The Association Française des Professionnels des Titres (AFTI), is the leading association representing post-trade businesses in France and Europe. AFTI has over 100 members covering a wide range of activities, including market infrastructures, custodians, account holders and depositaries, issuer services providers, as well as reporting and data providers. All together, they employ about 28,000 people in Europe of



which 16,000 are in France. Members acting as financial intermediaries account for 26% of European custody activity, with €55.6 trillion in assets under custody and 25-30% of the European fund asset servicing sector (depositories and fund administrators). In addition, in 2016, French market infrastructures settled 29 million instructions (CSD) and cleared 730 million transactions (CCP).

About Ailancy

Ailancy is a business consulting company specialized in the financial industry. We assist wholesale banks and boutiques in shaping the future of their business and organization from strategic thinking to implementation. Our strong expertise of businesses, digital transformation and regulatory constraints make us your favorite partner to meet your business challenges.

For more information about Ailancy, please visit www.ailancy.com or follow us on Twitter or on LinkedIn

About Euroclear

Euroclear group is the financial industry's trusted provider of post trade services. At the core, the group provides settlement, safe-keeping and servicing of domestic and cross-border securities for bonds, equities and derivatives to investment funds. Euroclear is a proven, resilient capital market infrastructure committed to delivering risk-mitigation, automation and efficiency at scale for its global client franchise.

The Euroclear group includes Euroclear Bank - which is rated AA+ by Fitch Ratings and AA by Standard & Poor's - as well as Euroclear Belgium, Euroclear Finland, Euroclear France, Euroclear Nederland, Euroclear Sweden and Euroclear UK & Ireland. The Euroclear group settled the equivalent of EUR 733 trillion in securities transactions in 2017, representing 215 million domestic and cross-border transactions and held EUR 28.6 trillion in assets for clients.