



Post-trade made easy

International distribution of French investment funds

**16 recommendations to enhance the
attractiveness of the French marketplace**

April 2018



Document update:

Version dated 17 April 2018

Table of contents

Table of contents	2
1 Background and objectives of the working group	3
2 Methodology applied by the working group	4
3 Summary of recommendations	6
4 Presentation of the recommendations.....	8
4.1 Client experience / KYC	8
4.2 Transparency along the distribution chain.....	12
4.3 Order Management.....	15
4.4 Other topics.....	21
5 Annexes	25
5.1 Institutions that have contributed to the working group.....	25
5.2 Other contributors	25

1 Background and objectives of the working group

- ▶ The technical and regulatory architecture of the Paris marketplace allows to combine the benefits of the Central Securities Depository (CSD) and Transfer Agent (TA) models.
- ▶ In an increasingly competitive environment and with the development of new technologies, the number of European initiatives linked to the distribution of funds is growing.
- ▶ To enhance the efficiency and attractiveness of the Paris marketplace by leveraging the opportunities provided by new technologies, Euroclear France and Ailancy have mobilised key industry representatives to perform a critical review and recommend improvements to meet the needs of all players of the value chain.
- ▶ This work builds on the dynamics created by the FROG initiative in order to amplify its success.
- ▶ A working group comprising representatives from asset management companies, transfer agents, depositories, market infrastructures and industry associations met between September and December 2017 which resulted in the articulation of 16 recommendations. The list of participating institutions is included in Annex 1.
- ▶ The recommendations included in the Report are provided to the Paris marketplace, to enable industry associations, through interaction with the players who share the same opinion and adhere to the recommendations, to prioritise and implement the different report recommendations.

2 Methodology applied by the working group

- ▶ A first workshop was organised to review the 5 key topics and prioritise the main challenges to address during the subsequent meetings.



- ▶ At the end of the first workshop, a broad consensus was reached on 3 equally important and highly interconnected topics, to be addressed with priority.
 1. Client experience / Know Your Customer (KYC)
 2. Order management
 3. Transparency along the distribution chain
 - The workshop also covered other topics, which are subject to recommendations. These topics are part of a fourth category called “Other topics”.
- ▶ To facilitate the reading and follow-up of the recommendations, they are numbered according to the 4 topics mentioned above, regardless of their priority level.
- ▶ Some additional recommendations, which are not linked to the distribution of funds at international level but have a French market specific dimension, were formulated during the discussions. These recommendations are also available in this report.

- ▶ For each topic, the recommendations have been classified as follows:
 - Quick win (QW): potential quick wins with no significant investment.
 - Priority 1 (P1): Urgent and unavoidable needs to address to ensure the attractiveness and performance of the Paris marketplace. These recommendations are highly visible for international investors and most of them require investments.
 - Priority 2 (P2): important developments for the industry performance that can be achieved on the long term. Some of the recommendations address international and/or national needs.

- ▶ The recommendations are supported by the following elements:
 - Overall objective of the recommendations and elements related to participants' pain points and/or needs allowing to highlight the context and experienced difficulties.
 - The nature of the work to be performed and the main challenges to overcome to have a macro understanding of the implementation complexity (high / medium / low) and the related cost (€€€, €, €).
 - The recommended launch/implementation schedule in line with the defined level of priority.
 - The suggested player to take leadership for the relevant topic in coordination with the other stakeholders. For the sake of simplicity, only one player should take the lead of the initiative, although most of the recommendations require all players and industry associations to be involved.

Considering the collaborative involvement required from professionals and their industry associations, and in view of the resources to be mobilised to support the implementation of the recommendations, industry associations (as observers) are recommended to consult each other to agree on the projects to develop and the schedule of priorities.


3 Summary of recommendations


TOPICS	RECOMMENDATIONS	COMP- LEXITY	PRIORITY
Client experience / KYC	<ul style="list-style-type: none"> Promote the Paris marketplace standard regarding information to be provided as part of the KYC process (recommendation n°1) 	Low (€)	Quick Win
	<ul style="list-style-type: none"> Have a Paris marketplace KYC infrastructure of international dimension in place on the French market, allowing to optimise the KYC process and costs (recommendation n°2) 	High (€€€)	1
	<ul style="list-style-type: none"> Enable portability of investor KYCs when the investor is already client of a French financial institution (recommendation n°3) 	Medium (€)	1
	<ul style="list-style-type: none"> Allocate a unique identifier to an individual investor as defined in his country of residence (recommendation n°4) 	Medium (€)	2
Transparency along the distribution chain	<ul style="list-style-type: none"> Provide asset managers with a better knowledge of their investors by using new technologies such as Blockchain (recommendation n°5) 	Medium (€€)	1
	<ul style="list-style-type: none"> Streamline the use of distributor tracking codes by extending the use of LEI (Legal Entity Identifier) codes (recommendation n°6) 	Medium (€)	2
Order management	<ul style="list-style-type: none"> Open the Euroclear France order routing platform to financial intermediaries that are not Euroclear France members (recommendation n°7) 	Low (€)	1
	<ul style="list-style-type: none"> Promote the distribution of funds via new technologies (roboadvisors, ...) by simplifying the transmission of direct subscription / redemption orders (recommendation n°8) 	Medium (€)	1
	<ul style="list-style-type: none"> Ensure interoperability between Euroclear France and the Blockchain register(s) in which the funds are circulating (recommendation n°9) 	Low (€)	1
	<ul style="list-style-type: none"> Define a standard between account holders and new forms of (Blockchain) registers to provide the investor with a consolidated view of his holdings (recommendation n°10) 	Medium (€)	1
	<ul style="list-style-type: none"> Remind that the French market provides a multi-currency Delivery vs Payment (DvP) settlement solution for 	Low (€)	2


	subscription / redemption orders via the ICSD infrastructures (recommendation n°11)		
	<ul style="list-style-type: none"> Enrich the Euroclear France order routing platform with switch type orders (recommendation n°12) 	Medium (€€)	2
	<ul style="list-style-type: none"> Lift the obligation to retain physical documents, as required by the anti-money laundering law, when the subscription comes through a French financial intermediary (recommendation n°13) 	Low (€)	Quick Win
Other topics	<ul style="list-style-type: none"> Provide the asset management company with the possibility to inform shareholders of changes affecting the fund via electronic bearer letters (<i>Lettres-au-Porteur</i>) or on a website (recommendation n°14) 	Low (€)	Quick Win
	<ul style="list-style-type: none"> Promote the use of funds as collateral on the Euroclear triparty infrastructure and for margin calls with CCPs (recommendation n°15) 	Low (€)	2
	<ul style="list-style-type: none"> Opportunity study on the implementation of a Paris marketplace repository for bearer letters, CAs and other market data, by using new technologies such as Blockchain (recommendation n°16) 	High (€€€)	2


4 Presentation of the recommendations

4.1 CLIENT EXPERIENCE / KYC

<p>Objectives:</p> <ul style="list-style-type: none"> Reduce subscription time for foreign investors and promote the use of French funds compared to Luxembourg funds. <p>Need/opportunity:</p> <ul style="list-style-type: none"> Foreign investors overestimate the French market's KYC constraints compared to other markets. The definition of standards regarding the content of KYC and documents to collect is ongoing at international level as part of the different initiatives. <p>Current situation:</p> <ul style="list-style-type: none"> The existing marketplace standard is unknown at international level. 	<p>Recommendation n°1:</p> <ul style="list-style-type: none"> Promote the Paris marketplace standard regarding information to be provided as part of the KYC process <ul style="list-style-type: none"> Evaluate the need to update this standard in line with regulatory developments. Promote the development of European standards supported by the different associations and relevant regulators, if applicable (coordination challenge between the different initiatives in terms of KYC/ AML standardisation, at domestic and international level) <p>ROI elements:</p> <ul style="list-style-type: none"> No regulatory or IT development required for this topic. <p>Schedule of work</p> <ul style="list-style-type: none"> Positioning / promoting the Paris marketplace standard as of Q2 2018. 		
<p>QW</p>	<p>Low (€)</p>	<p>As of Q2 2018</p>	 <p>afg association française de gestion financière</p>


<p>Objective:</p> <ul style="list-style-type: none"> Decrease legal KYC obligation costs by putting information together. <p>Need/opportunity:</p> <ul style="list-style-type: none"> The costs linked to the processing of investor KYCs are very high for asset management companies and investors as the processes are burdensome and often redundant between institutions. The KYC process is not a differentiating factor between players and generates significant penalty risks. <p>Current situation:</p> <ul style="list-style-type: none"> There is no cost-pooling infrastructure in place on the French market. Several initiatives have been started in this field or are currently in testing phase. 	<p>Recommendation n°2:</p> <ul style="list-style-type: none"> Have a Paris marketplace KYC infrastructure of international dimension in place on the French market, allowing to optimise the KYC process and costs <ul style="list-style-type: none"> Leverage the ongoing international initiative to take the functional and governance expectations of the French market into account, or launch an initiative at French level that can be combined with international initiatives. Have a strong level of engagement from the French market to ensure the success of this infrastructure. Respond to key challenges linked to regulatory compliance, process digitalisation, confidentiality management, interoperability and business model consistency. <p>ROI elements :</p> <ul style="list-style-type: none"> The implementation of a Paris marketplace infrastructure is complex in terms of governance and Ops & IT model. The repository model facilitates access to documentation and does not require any regulatory prerequisite, as the access to information is provided by the issuer. There is no KYC portability in this model; each institution is responsible for its risk matrix. <p>Schedule of work</p> <ul style="list-style-type: none"> Institutions need to share their analyses with their industry associations to allow the Paris marketplace to take position on the model to adopt. 			
	<p>P1</p>	<p>High (€€€)</p>	<p>2018</p>	 <p>afg association française de gestion financière</p>


<p>Objectives:</p> <ul style="list-style-type: none"> Decrease KYC costs and reduce constraints for investors. <p>Need/opportunity:</p> <ul style="list-style-type: none"> Duplication of KYC costs between institutions due to missing portability of controls performed by other institutions. <p>Current situation:</p> <ul style="list-style-type: none"> Not available 	<p>Recommendation n°3:</p> <ul style="list-style-type: none"> Enable portability of investor KYCs when the investor is already client of a French financial institution. <ul style="list-style-type: none"> The clarification of each player's liability regime is a key success factor. Leverage the approaches implemented by the FATCA. <p>ROI elements:</p> <ul style="list-style-type: none"> Topic requiring a regulatory development. Foresee process and tool adaptation costs for the transfer of data between institutions. <p>Schedule of work</p> <ul style="list-style-type: none"> Topic to be analysed with the regulator in T1 2018. 			
	<p>P1</p>	<p>Medium (€)</p>	<p>T1 2018</p>	 <p>afg association française de gestion financière</p>

<p>Objectives:</p> <ul style="list-style-type: none"> • Increase transparency along the distribution chain. <p>Need/Opportunity:</p> <ul style="list-style-type: none"> • Facilitate reconciliations performed by issuers in case of multi-bank individual investors. <p>Current situation:</p> <ul style="list-style-type: none"> • To be developed 	<p>Recommendation n°4:</p> <ul style="list-style-type: none"> • Allocate a unique identifier to an individual investor as defined in his country of residence. <ul style="list-style-type: none"> • Leverage European directives such as the Shareholder rights or MIF2 Directive, which set out unique identification rules for individual investors (e.g. CONCAT for France as part of MIF2). <p>ROI elements:</p> <ul style="list-style-type: none"> • Topic requiring a regulatory development. • Variable IT investments depending on the standard used for database upgrades and data transfers. <p>Schedule of work</p> <ul style="list-style-type: none"> • Analyse the topic with the regulator and define the standard retained in 2018. • Analyse impacts on account holders (natural persons). • Analyse implementation possibility in 2019 depending on the complexity of the retained standard. 			
	P2	Medium (€)	2019	 <p>afg association française de gestion financière</p>


4.2 TRANSPARENCY ALONG THE DISTRIBUTION CHAIN


<p>Objectives</p> <ul style="list-style-type: none"> • Increase transparency along the distribution chain. <p>Need/opportunity:</p> <ul style="list-style-type: none"> • On the long term and/or for some investors, asset management companies would like to have complete and continuous information about: <ul style="list-style-type: none"> • The identity of end clients, including “regulatory” information (record keeping account opening), and business information on the client (profile, investment objectives ...). • The intermediary chain the client goes through (order placing, securities holding ...) to improve calculation and follow-up of retrocessions. • The positions held by each investor at global and French financial institution level, to improve management of retrocessions and CAs on funds. • All of this information combined should also increase the knowledge of investment behaviours/strategies in order to assess the impacts on fund liquidity (mandatory for Money Market Funds). 	<p>Recommendation n°5:</p> <ul style="list-style-type: none"> • Provide asset managers with a better knowledge of their investors by using new technologies such as Blockchain. <ul style="list-style-type: none"> • The <i>Transparence</i> initiative announced by Euroclear end December 2017, which aims at upgrading the BRN (<i>nominatif intermédiaire</i>) and TPI (<i>identification des porteurs</i>) channels, falls under the scope of this recommendation. If a new operational and technical model is defined, a strong business case is required to justify such an investment. • Leverage new technologies, such as Blockchain, to facilitate sharing and access to investor information between account holders and issuers. • As part of the distribution agreements, reflect on tailored incentives to extend the scope of client information exchanged between Distributors and Producers. • Enable asset management companies to better know their investors, they need to have additional stock information to make the following distinctions by position: Pro / Non Pro; Institutional / Natural Person; CSP, age. • For aggregated orders transmitted by distributors, asset management companies need to have an additional information flow, separate from the subscription / redemption order, which provides the following details by investor: investor identifier (LEI, CONCAT...), quantity, direction, distribution path. • For portfolio transfers, be able to send tracking information. • Analyse the possibility to provide asset management companies, for a given product category, with the average and market statistics regarding the fund evolution, to have a view on their allocation.
--	---


<p>Current state :</p> <ul style="list-style-type: none"> It is difficult to reflect this information in the current context due to the different coexisting models (distribution, holding of positions). This results in fragmented information available depending on the different value chain levels: <ul style="list-style-type: none"> Depending on the distribution model (direct, intermediary), the transparency along the distribution chain is very different. It is currently not possible to transfer detailed information end-to-end via the intermediary distribution. Depending on the position holding model (bearer, administered registered, pure registered form), the investor identification process is particularly complex, except for the pure registered form via the TPI process. The possibility for foreign investors to hold their securities as nominee via the registered intermediary concept makes it difficult to look further up the asset holding chain. The current BRN and TPI channels are complex and do not meet player expectations in terms of operational and cost efficiency in order to enable its wider use in the fund industry. 	<p>ROI elements:</p> <ul style="list-style-type: none"> IT investments are required to upgrade existing or implement new tools to replace the BRN and TPI channels. A solid business case is a key success factor of this initiative. No prerequisite required at regulatory level. The initiative falls under the scope of the planned Shareholders Rights Directive implementation. A new business model has to be defined to replace the BRN and TPI business models and expected volumes. <p>Planning aspects:</p> <ul style="list-style-type: none"> The “Transparence” initiative will be launched by Euroclear in Q1 2018 in cooperation with the Paris marketplace players. The target solution will be designed during the first half of 2018. 			
	<p>P1</p>	<p>Medium (€€€)</p>	<p>T1 2018</p>	 <p>euroclear Post-trade made easy</p>


<p>Objective:</p> <ul style="list-style-type: none"> Simplify the order tracking. <p>Need/opportunity:</p> <ul style="list-style-type: none"> BIC1 codes raise a number of concerns in terms of reliability. <p>Current state:</p> <ul style="list-style-type: none"> Today, orders are tracked via BIC/BIC 1 codes or so-called bilateral references specific to each asset management company. The use of LEI codes provides an opportunity to streamline and simplify data management. 	<p>Recommendation n°6:</p> <ul style="list-style-type: none"> Streamline the use of distributor tracking codes by extending the use of LEI (Legal Entity Identifier) codes <ul style="list-style-type: none"> In case of 1 to 1 correspondence between the BIC and LEI code, preference should be given to the LEI code. If the BIC1 includes a higher level of granularity than the LEI, the LEI and the BIC1 should be sent. <p>ROI elements:</p> <ul style="list-style-type: none"> No regulatory prerequisite. Project costs mainly linked to setting and testing on the depository side. Collective AFG-AFTI actions required to enable a better tracking. <p>Schedule of work:</p> <ul style="list-style-type: none"> Recommended start of work: T2 2018. Recommended implementation: 2019. 		
<p>P2</p>	<p>Low (€)</p>	<p>2019</p>	 <p>AFTI La dynamique du post-marché</p>


4.3 ORDER MANAGEMENT


<p>Objective:</p> <ul style="list-style-type: none"> Reduce constraints for investors. <p>Need/opportunity:</p> <ul style="list-style-type: none"> If a foreign investor has only one securities account with its local bank that is a Target 2 Securities member, this bank must have a cash correspondent in France that is a Euroclear France member. The order placing and settlement flow becomes complex due to the several intervening parties and results in additional cut-off constraints. <p>Current situation:</p> <ul style="list-style-type: none"> Only Euroclear France members have access to the order routing platform. 	<p>Recommendation n°7:</p> <ul style="list-style-type: none"> Open the Euroclear France order routing platform to financial intermediaries that are not Euroclear France members. <ul style="list-style-type: none"> Define and validate the standards and rules the intermediary should comply with from a contractual, operational and technical point of view. Perform a preliminary in-depth analysis of the model to ensure the adequacy of the risk framework and to have a good definition and understanding of the responsibilities of the players involved. <p>ROI elements:</p> <ul style="list-style-type: none"> No IT investment required for the current platform clients. Foresee project costs for non-members who wish to connect. No regulatory prerequisite. Main project costs linked to the contractual nature and onboarding on the side of Euroclear France and of the foreign financial intermediaries who wish to connect. <p>Schedule of work</p> <ul style="list-style-type: none"> Q3 2018. 		
<p>P1</p>	<p>Low (€)</p>	<p>Q3 2018</p>	 <p>euroclear Post-trade made easy</p>

<p>Objective:</p> <ul style="list-style-type: none"> Reduce constraints for investors. <p>Need/opportunity:</p> <ul style="list-style-type: none"> The digital solutions currently offered by aggregators and roboadvisors do not allow the creation of client orders (contrary to what payment initiators will soon be able to do for cash transfers in the framework of DSP2). <p>Current situation:</p> <ul style="list-style-type: none"> Retail clients need to place their S/R orders with the different account holders and insurers. 	<p>Recommendation n°8:</p> <ul style="list-style-type: none"> Promote the distribution of funds via new technologies (roboadvisors ...) by simplifying the transmission of direct subscription / redemption orders. <ul style="list-style-type: none"> Simplify the implementation of digital solutions available for subscribers to place an order, pay via a digital platform (via BC), and finalise the transaction via their usual intermediary (life insurer or custodian (French financial institution) by separating the S / R flows from the delivery of the funds. Allow distributors that are not Euroclear France members to send subscriptions directly on behalf of their clients to the central intermediary. For investors wishing to book their securities with the French financial institution in bearer or administered registered form, sending a settlement instruction (IRL) to the French financial institution will allow a realignment with the central intermediary on a DVP basis (model used on the equity channel). Analyse the impact of multiplying direct orders (scope and conditions for central intermediaries and French financial institutions, in particular in terms of controls) to ensure continuity of the industry model. <p>ROI elements:</p> <ul style="list-style-type: none"> No regulatory prerequisite. Project costs linked to settings and testing. <p>Schedule of work</p> <ul style="list-style-type: none"> As of Q2 2018. 		
<p>P1</p>	<p>Medium (€)</p>	<p>2018</p>	


<p>Objective:</p> <ul style="list-style-type: none"> • Make every fund independent from the circulation model. <p>Need/opportunity:</p> <ul style="list-style-type: none"> • According to ongoing Blockchain technology-based initiatives, the record keeping must be in registered form, which means that the entire issue must be on Blockchain. • As a result, it is not legally and technically possible to combine, for a same fund, a movement of fund shares in Blockchain and in the CSD. • The multiplication of registers is a source of complexity and increases IT and operational costs. <p>Current situation:</p> <ul style="list-style-type: none"> • To be developed 	<p>Recommendation n°9:</p> <ul style="list-style-type: none"> • Ensure interoperability between Euroclear France and the Blockchain register(s) in which the funds are circulating. • Euroclear France will implement a new account nature dedicated to securities circulating in blockchain. This will simplify the reconciliation process between all outstanding securities and the issuance account. <p>ROI elements:</p> <ul style="list-style-type: none"> • No regulatory prerequisite. • Project costs mainly linked to settings and testing on the side of Euroclear and the depositories to be able to use a new account nature. • Preliminary analysis required to limit as much as possible costs such as realignment costs <p>Launch/implementation schedule:</p> <ul style="list-style-type: none"> • Recommended implementation in Q3 2018. 			
	P1	Low (€)	Q3 2018	 <p>afg association française de gestion financière</p>


<p>Objectives:</p> <ul style="list-style-type: none"> • Enable investors to have a consolidated view of their assets circulating in several registers. <p>Need/opportunity:</p> <ul style="list-style-type: none"> • Blockchain platforms dedicated to funds foresee the possibility to report the registered position of the funds integrated on Blockchain. • This requires the investor to have additional specific securities account(s) to those he could otherwise dispose of (saving plan in shares (PEA)). • Many investors might wish to rely on their account holders to have a consolidated view of their assets (in administered registered form) and include these securities into the PEA tax envelope. <p>Current situation:</p> <ul style="list-style-type: none"> • The account holder systems and the blockchain record keeping tools are not interfaced. 	<p>Recommendation n°10:</p> <ul style="list-style-type: none"> • Define a standard between account holders and new forms of (Blockchain) registers to provide the investor with a consolidated view of his holdings. <ul style="list-style-type: none"> • Define the technical conditions to allow securities circulating in a Blockchain register to be incorporated in investor portfolios opened with custodians, namely in the framework of a PEA, to provide the investor with a consolidated view of his assets. The implementation of a technical standard should limit the connection costs between account holders and the different registers in case of multiple registers. • Define the legal conditions required to allow securities circulating in Blockchain registers to be reflected in the tools of the account holders. <p>ROI elements:</p> <ul style="list-style-type: none"> • The legal possibility to use shared registers for the recording of securities should come into force in 2018 (upcoming implementing decree pursuant to law n°2017-1674 of 8 December 2017). • The technical implementation between French financial institution and Blockchain registers will require some developments. A standard must be defined to limit the costs linked to multiple registers. <p>Planning elements:</p> <ul style="list-style-type: none"> • The work should complement the regulatory schedule and meet issuer requirements. 		
<p>P1</p>	<p>Medium (€€)</p>	<p>As from 2018</p>	 <p>AFTI La dynamique du post-marché</p>


<p>Objective:</p> <ul style="list-style-type: none"> Simplify the subscription of French funds in non-euro currencies. <p>Need/opportunity:</p> <ul style="list-style-type: none"> Some foreign investors require an end-to-end currency process in order to avoid foreign exchange issues. <p>Current state:</p> <ul style="list-style-type: none"> Settlement in non-euro currencies takes place outside of the infrastructures via cash movements between the cash correspondents of the issuing agent and the bank of the investor. This process happens separately from the fund share movement 	<p>Recommendation n°11:</p> <ul style="list-style-type: none"> Remind that the French market provides a multi-currency Delivery vs Payment (DvP) settlement solution for subscription / redemption orders via the ICSD infrastructures. <p>ROI elements:</p> <ul style="list-style-type: none"> No regulatory prerequisite. Project costs and schedule to be defined on a case-by-case basis depending on institutions wishing to provide this possibility to their clients. <p>Schedule of work</p> <ul style="list-style-type: none"> S1 2018 		
<p>P2</p>	<p>Low (€)</p>	<p>S1 2018</p>	 <p>euroclear Post-trade made easy</p>


<p>Objective:</p> <ul style="list-style-type: none"> Improve competitiveness compared to possible practices on Luxembourg funds. <p>Need/opportunity:</p> <ul style="list-style-type: none"> Switch orders are not referenced in France, mainly because they do not grant any tax advantage to French tax residents. This is, however, a standard in Luxembourg that can benefit foreign tax residents in countries providing a specific advantage. <p>Current situation:</p> <ul style="list-style-type: none"> Not available 	<p>Recommendation n°12:</p> <ul style="list-style-type: none"> Enrich the Euroclear France order routing platform with switch type orders. <ul style="list-style-type: none"> In order to be processed as switch orders, Switch type operations must be mentioned in the prospect (subscriptions, redemptions, SRS...): this development should be organised with AMF, for further integration into the automated communication systems. Exchanged SWIFT messages should also be fed with this kind of operation by intermediaries, and the French financial institution and central intermediary chains should be adapted accordingly. <p>ROI elements:</p> <ul style="list-style-type: none"> IT investments required on the side of Euroclear and at French financial institution and central intermediary level. Expected volumes to be documented. <p>Schedule of work</p> <ul style="list-style-type: none"> Opportunity assessment to be performed in 2018 to identify the nature of the need and required arrangements for a potential implementation in 2019. 			
	P2	Medium (€€)	2019	

4.4 OTHER TOPICS

<p>Objective:</p> <ul style="list-style-type: none"> Reduce costs related to anti-money laundering (AML). <p>Need/opportunity:</p> <ul style="list-style-type: none"> From a client perspective, in particular for corporate and institutional multi-bank clients, the obligation imposed by AML to systematically communicate certain items is extremely heavy and complex for asset management companies. This generates costs linked to duplication and physical retention of identical documents in several institutions. <p>Current situation:</p> <ul style="list-style-type: none"> Not available 	<p>Recommendation n°13:</p> <ul style="list-style-type: none"> Lift the obligation to retain physical documents imposed by the anti-money laundering law, when the subscription comes through a French financial intermediary. <p>ROI elements:</p> <ul style="list-style-type: none"> Topic requiring a regulatory development. Tool adaptation to be foreseen. <p>Schedule of work</p> <ul style="list-style-type: none"> This topic has to be analysed with the regulator in T1 2018. 			
	<p>QW</p>	<p>Medium (€)</p>	<p>T1 2018</p>	 <p>afg association française de gestion financière</p>

<p>Objective:</p> <ul style="list-style-type: none"> • Reduce maintenance costs for French funds. <p>Need/opportunity:</p> <ul style="list-style-type: none"> • In a context of digitalisation of interactions between the different players, the methods for informing investors via paper supports are expensive and do not address the current RSE challenges. • Moreover, the process is not efficient and results in significant delays. <p>Current situation:</p> <ul style="list-style-type: none"> • Not available 	<p>Recommendation n°14:</p> <ul style="list-style-type: none"> • Provide the asset management company with the possibility to inform shareholders of changes affecting the fund via electronic bearer letters (Lettres-au-Porteur (LAP)) or on a website <ul style="list-style-type: none"> • According to order 2017-1433 of 4 October 2017 related to the dematerialisation of contractual relations in the financial sector, ensure that the regulatory obligation to send LAPs by mail will be limited to specific cases, e.g. when investors explicitly express the wish to receive such information by post. • Have the possibility to add the communication means and availability of LAPs in the prospect. These methods could be adapted according to the subscription channel. <p>ROI elements:</p> <ul style="list-style-type: none"> • Regulatory topic. • Project costs mainly linked to process adaptation and change management. <p>Schedule of work</p> <ul style="list-style-type: none"> • This topic must be analysed with the regulator in the course of T1 2018. 		
<p>QW</p>	<p>Low (€)</p>	<p>T1 2018</p>	

<p>Objective:</p> <ul style="list-style-type: none"> Gain opportunities for French funds. <p>Need/opportunity:</p> <ul style="list-style-type: none"> In a context of raising interest rates and constantly increasing capital requirements, the use of cash collateral is expensive. <p>Current situation</p> <ul style="list-style-type: none"> Not available 	<p>Recommendation n°15:</p> <ul style="list-style-type: none"> Promote the use of funds as collateral on the Euroclear triparty infrastructure and for margin calls with CCPs. <ul style="list-style-type: none"> Support the initiative promoted by ACI France AFTB, asset management companies, Elixium and Euroclear France, aiming at leveraging high quality assets present in funds to support bank players' financing needs, by implementing a market of fund eligible as collateral. The visibility given to the funds of this market is likely to foster their collection. Define eligibility conditions for different fund typologies with the counterparties that are likely to accept fund shares as collateral. Develop a good practice guide intended for asset management companies, which lists the eligibility criteria for HQLA funds on the collateral exchange infrastructure and for the collateralisation process with the CCP(s) and Euroclear Bank. <p>ROI elements:</p> <ul style="list-style-type: none"> Limited IT Investments (the platform already exists). No regulatory prerequisite. Change management costs. <p>Schedule of work</p> <ul style="list-style-type: none"> This topic has to be analysed with AFG and the regulator as of Q2 2018 			
	P2	Low (€)	As from Q2 2018	 <p>euroclear Post-trade made easy</p>

<p>Objective:</p> <ul style="list-style-type: none"> Reduce maintenance costs for French funds. <p>Need/opportunity:</p> <ul style="list-style-type: none"> Significant costs arise for all chain players from collecting market data and making them reliable. The misinterpretation of certain operations (tax treatment on CAs ...) or the non-receipt of certain announcements (unlisted securities, foreign securities ...) can result in significant operational costs. Concerning CAs, such as conditional CAs, issuers have no guarantee that the beneficial owners have all been informed, particularly foreign investors. <p>Current situation:</p> <ul style="list-style-type: none"> Players do not have centralised information on critical data for operational activities linked to asset management 	<p>Recommendation n°16:</p> <ul style="list-style-type: none"> Opportunity study on the implementation of a market place repository for bearer letters, CAs and other market data by using new technologies such as Blockchain. <ul style="list-style-type: none"> Provide a marketplace repository (such as GECO) which is directly fed by issuers to share different types of information with investors (CAs, LAP, security features..). Allow investors to set up alerts to receive information about changes affecting them. Have a subscription based alert system available for investors upon request, which sends alerts when an information is modified. <p>ROI elements:</p> <ul style="list-style-type: none"> Significant investments are required to implement a Paris marketplace infrastructure. Adequate governance and strong engagement needed from issuers to feed information and from users to use such repository to ensure the success of the business model. <p>Schedule of work</p> <ul style="list-style-type: none"> Feasibility study to be performed by 2019. 		
<p>P2</p>	<p>High (€€€)</p>	<p>2019</p>	 <p>euroclear Post-trade made easy</p>

5 Annexes

5.1 INSTITUTIONS THAT HAVE CONTRIBUTED TO THE WORKING GROUP

Amundi
AXA IM
BNP Paribas AM
BNP Paribas Securities Services
CACEIS
Carmignac
CM-CIC
Edmond de Rothschild
Elixium
Euronext
Groupama AM
La Banque Postale AM
Lyxor
Natixis Eurotitres
Natixis Asset Management
Oddo AM
OFI AM
Procapital
RBC
Société Générale Securities Services
State Street
Swisslife REIM

5.2 OTHER CONTRIBUTORS

AFG (observateur)
AFTI (observateur)
ASPIM (observateur)