Amundi
ASSET MANAGEMENT

ANSWER TO ESMA's CONSULTATION ON DRAFT REGULATORY STANDARDS ON TYPES OF AIFMs

JANUARY 2013

Amundi is a leading asset manager, ranking second in Europe and among the top ten in the world with assets under management above 700 billion euros. It is active in many different countries and serves a diversified clientele of retail, corporate and institutional investors through a large range of products and investment solutions.

If Amundi manages a large number (more than 600) UCITS based in different places in Europe, it also manages many non-UCITS European funds. Thus, Amundi thanks ESMA for the opportunity it offers through the present consultation to express views on the distinction between AIFMs running open and closed ended AIFs.

Amundi totally supports the response prepared by AFG, Association Française de Gestion, and wishes hereby to add some limited further comments.

1) Main point is to authorize an AIFMD to manage both open ended and closed ended funds. The present wording in article 1 -1 is not appropriate as it does not allow for this third possibility, which seems consistent with level 1.
2) The proposed definition of closed ended and open ended funds should be conceived to apply only to AIFM Directive and not impact other pieces of European legislation and especially UCITS.
3) With specific reference to the criteria of an open ended AIF, Amundi agrees with the minimal frequency of once a year for redemptions and the reference to the net asset value of the unit or share of the AIF. However it suggests that the wording of article 1-2 be modified in order to make clear that the first two criteria, (a) and (b), must be fulfilled and that the current (c) is not another criterion but a mere explanation of what (a) means.
4) With reference to question 4 about secondary market, Amundi stresses the absolute difference between redemption by the fund and exchange on a secondary market. It considers that direct redemptions only are to be considered when assessing if a fund offers yearly liquidity. Secondary market can develop among investors independently from the asset manager (except for what is provided for in the prospectus) and transactions may take place at prices different from any estimated or official NAV. Listing on an exchange may provide liquidity for the holders but does not change the quality of the fund as closed ended if it does not offer redemptions at least annually. A key difference with a listed UCITS ETF is that the market maker of the ETF may redeem directly from the fund at any time.
5) In question 5 the word "hybrid" should be avoided when mentioning funds that change and move from one category to the other. They do not stay in-between and create a third type of funds, they experience a metamorphosis and mutate to the next type. The proposed regulation is totally consistent with this reality.

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6) When considering the need to develop further typologies of AIFMs, it is important to keep in mind the point stressed by the Securities and Markets Stakeholder Group on proportionality of the regulation. Their §2 reads:

Proportionality needs to be applied to all articles and not only some, as proportionality is a general principle of law and regulation. It must also be borne in mind that size is not the only relevant factor - others mentioned already in the Level1 text are, nature, scope and the complexity of activities as well as internal organisation. This will be especially important for the Remuneration discussion paper as well.

Amundi feels it is rather relevant to determine what type of reduced reporting could be granted to different types of AIFMs and AIFs, in general and not limited to the reference to recital 20 of level 1 AIFMD.

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