

AMF Position

Remuneration policies for alternative investment fund managers – DOC 2013-11

Reference texts: Article L.533-22-2 of the Monetary and Financial Code and Article 319-10 of the AMF General Regulation

On 14 August 2013, and subsequently on 5 December 2016, the AMF reported to ESMA that it was compliant with the guidelines on remuneration policies for managers of alternative investment funds (ESMA/2013/232 and ESMA/2016/579).

These guidelines detail the remuneration policy set out in Article 13 and Annex II¹ of the directive on Alternative Investment Fund Managers (hereinafter 'AIFM')² and are aimed at ensuring the common, uniform and consistent application of the aforementioned provisions and of Article 22, paragraph 2, points (e) and (f)³ of that same directive.

These provisions are aimed at preventing poorly designed remuneration structures from adversely affecting risk management and control within AIFMs. AIFMs are thus required to establish and maintain, for those categories of staff whose professional activities have a material impact on the risk profiles of AIFs they manage, remuneration policies and practices that are consistent with sound and effective risk management. AIFMs must apply these requirements in a manner and to an extent appropriate to their size and internal organisation as well as to the nature, scope and complexity of their business.

Incorporation into the AMF's regulatory practices

This position applies with effect from 14 August 2013. Its updated version, incorporating ESMA guidelines ESMA/2016/579, applies with effect from 1 January 2017.

The ESMA guidelines can be found at the following addresses:

- In French: *Orientations relatives aux politiques de rémunération applicables aux gestionnaires de fonds d'investissement alternatifs*

ESMA/2013/232:

https://www.esma.europa.eu/system/files_force/library/2015/11/esma_2013_00600000_fr_cor_-_revised_for_publication.pdf?download=1

ESMA 2016/579:

https://www.esma.europa.eu/sites/default/files/library/2016-579_fr_0.pdf

- In English: Guidelines on sound remuneration policies under the AIFMD

ESMA/2013/232:

https://www.esma.europa.eu/system/files_force/library/2015/11/2013-232_aifmd_guidelines_on_remuneration_-_en.pdf?download=1

ESMA 2016/579:

https://www.esma.europa.eu/sites/default/files/library/2016-579_aifmd_remuneration_guidelines_0.pdf

¹ Article 13-1 of the directive is transposed in Article L.533-22-2 of the Monetary and Financial Code and Annex II of the directive is transposed in Article 319-10 of the AMF General Regulation.

² Also known as the 'AIFM Directive'.

³ Article 22 of the directive is transposed in Article L.214-24-19 of the Monetary and Financial Code, which requires management companies to publish an annual report. Meanwhile, the content of the report (Article 22-2 of the directive) is to be reiterated in an AMF instruction.