

AMF Position

Sound remuneration policies under the UCITS Directive – DOC 2016-14

Reference texts: Article L.533-22-2 of the Monetary and Financial Code and Article 314-85-2 of the AMF General Regulation

On 5 December 2016, the AMF reported to ESMA that it was compliant with guidelines on sound remuneration policies under the UCITS Directive (ESMA/2016/575).

These guidelines detail the remuneration policy set out in Articles 14a and 14b of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, as amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 on undertakings for collective investment in transferable securities (hereinafter 'UCITS')¹. They are aimed at ensuring the common, uniform and consistent application of the aforementioned provisions.

These provisions are aimed at preventing poorly designed remuneration structures from adversely affecting risk management and control. UCITS management companies are thus required to establish and apply, for those categories of staff whose professional activities have a material impact on the risk profiles of UCITS they manage, remuneration policies and practices that are consistent with sound and effective risk management. UCITS management companies 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 1 January 2017.

The ESMA guidelines can be found at the following addresses:

- In French:
Orientations concernant les bonnes politiques de rémunération au titre de la directive sur les organismes de placement collectif en valeurs mobilières
https://www.esma.europa.eu/sites/default/files/library/2016-575_fr.pdf
- In English:
Guidelines on sound remuneration policies under the UCITS Directive
https://www.esma.europa.eu/sites/default/files/library/2016-575_ucits_remuneration_guidelines.pdf

¹ Also known as the 'UCITS Directive'.