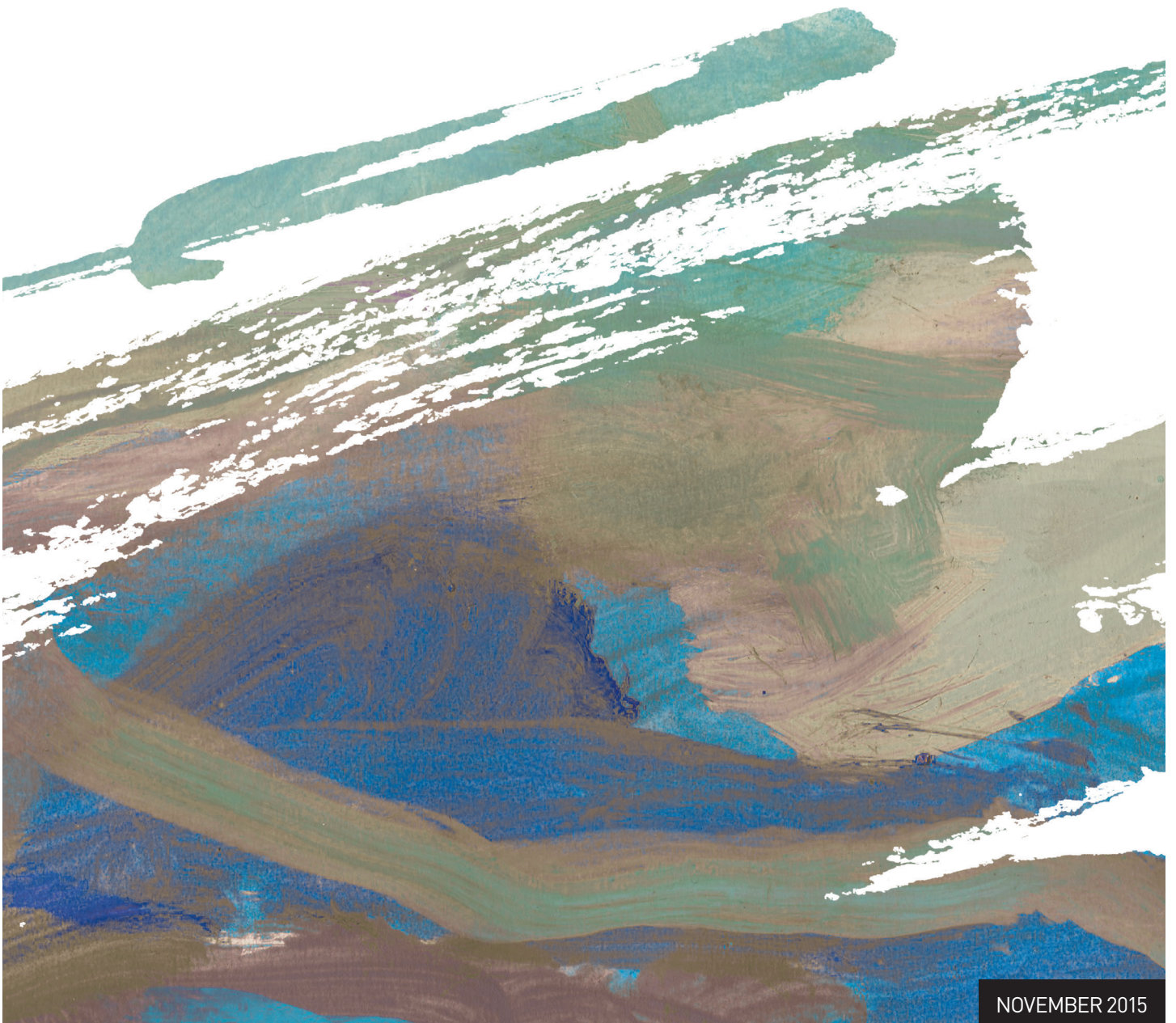


**PARIS FUND SERVICES**

The French CSD Model:  
The solution to support Asset Managers  
in distributing their funds across Europe



# Fund distribution support: the CSD\* model on the French market

\*Central Securities Depository

A model relying on a secured and automated process between intermediaries (Authorized Euroclear France CSD custodians – being Euroclear France members)

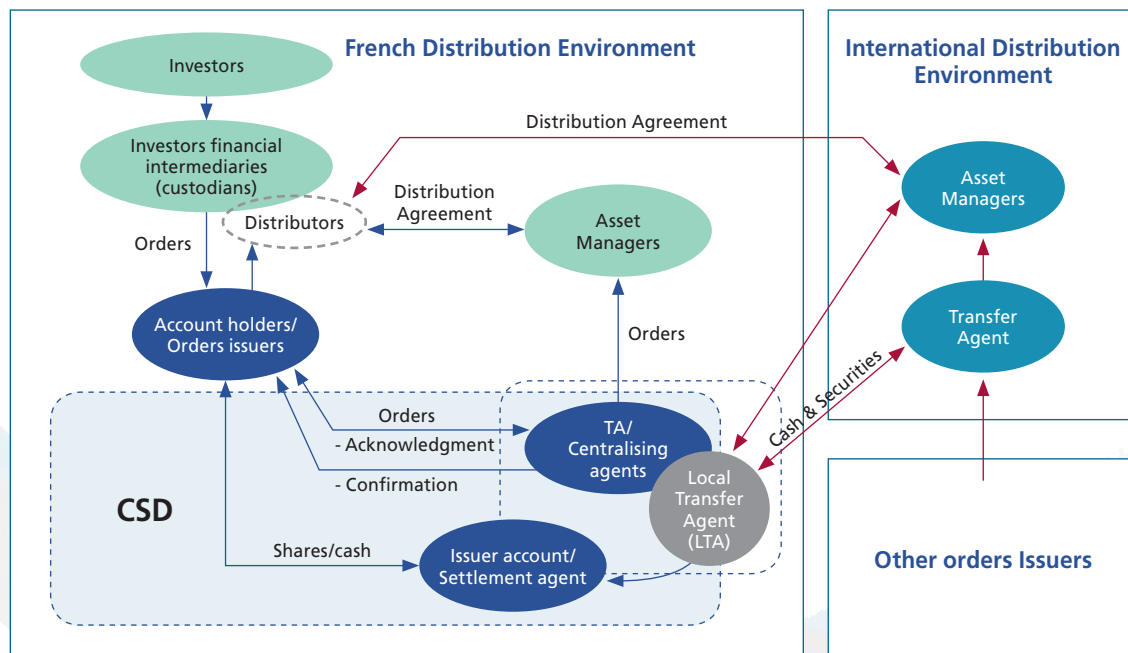
## A unique CSD model with Straight Through Processing (STP) from orders routing to settlement An automated orders routing platform

Asset Managers (more particularly their transfer agent) and custodians (being authorized Euroclear France CSD members) are able to process subscription/redemption orders via :

- A bilateral mode,
- A central automated orders routing platform:
  - 13 000 Funds eligible in 2014,
  - 1.3 million orders in 2014 and 80% of the flows.

### Subscription/ redemption orders

On the one hand, orders are placed by investors via their custodians. The custodian has a direct, or indirect access to the Euroclear Funds order routing platform.



## An integrated settlement process

20 000 Funds are admitted in the Central Securities Depository (CSD) Euroclear France:

- 40% Foreign Funds.
- 60% French Funds.
- 3.2 million instructions on Funds settled in 2014.

### Settlement Process

On the other hand, the fund transfer agent acts as centralizing agent in Euroclear France, featuring an STP and delivery - versus - payment (DVP) process. After settlement, shares are registered on the investor's account opened in the books of its custodian.

## A Reduced cost compared to other fund distribution models

The subscription/ redemption and settlement process, which relies on STP, enables asset managers to benefit from reduced costs compared to the Registrar model.

## An Automated orders routing

An automated process relying on Euroclear France routing service that features a central automated orders routing platform dedicated to the exchange of orders between investor's custodians and transfer agents.

## A single entry point that supports the distribution of international funds

The asset manager, on behalf of the fund appoints a local transfer agent, as defined by the "AMF" French regulator. The local transfer agent enables the asset manager to comply with local specificities, handles the relationship with the French regulatory body and answers on behalf of the asset managers to any local investors' requests.

## A Secured settlement

Whenever a subscription is received, the risk of default on settlement date is carried by the investor's custodian on his client's behalf. Neither the asset manager nor the transfer agent carries any risk of default as orders are settled in delivery-versus-payment mode, with defined settlement date.

## An up-stream KYC and AML control process easing the asset managers due diligence

The French CSD Model relies on KYC and AML controls to be performed by the investors' custodians. Thus, providing asset managers with an easiest due diligence process (FATCA, AEOI).

## An additional support for the fund distribution

Having a single entry point to Euroclear France via a Euroclear France member, international and French investors as well as distributors can access an investment universe of some 20,000 funds. Investment in funds is not limited to the in-house funds promoted by the bank but to all Euroclear France admitted funds.

## An accurate identification of distributors

The French CSD model relies on harmonized market practices which enable an efficient orders earmarking. Such practices benefit to asset managers thereby allowing a 100% order allocation.

### Specific process: The Register Method

This method relies on a registrar, either the asset management company or a delegated custodian. The registrar manages a register (including KYC<sup>1</sup>/AML<sup>2</sup> checks on investors). It is generally only used by private equity funds, real estate funds, some dedicated funds and close-ended funds.

<sup>1</sup> Know your Customers. <sup>2</sup> Anti Money Laundering.

### Specific process: The Direct Orders Method

A method which further expanded on the French regulator's (Autorité des Marchés Financiers: "AMF") adaptation rule. Under this regulation, the asset manager on behalf of the fund signs an agreement with its transfer agent authorizing investors to subscribe. Thus investors are able to send direct orders to the fund transfer agent.





**Association Française des Professionnels des Titres**  
**Association loi 1901**

Siège social : 36, rue Taitbout - 75009 Paris  
Téléphone : 01 48 00 52 01 • Télécopie : 01 48 00 50 48 • E-mail : [secretariat.afti@fbf.fr](mailto:secretariat.afti@fbf.fr)

[www.afti.asso.fr](http://www.afti.asso.fr)

