



afti

Shaping the
post-trade industry

1st quarter 2014



AFTI, association of the Paris marketplace, represents the post-trade business and brings together professionals from the financial industry through its working groups and monitoring units. AFTI brings together banks, investment companies, market infrastructures, issuers as well as professional associations and consulting firms.

Its activities are mainly targeted at Europe and the ongoing integration of the European capital market.

It maintains close links with the education sector via certain universities (Paris Descartes, Paris Ouest, Lumière Lyon II and GOMFI, Caen, Cergy) and schools (ISC Paris) where it facilitates the development of vocational education.

Key source of proposals

Expertise

AFTI working groups are at the core of the association's activities. In charge of reviewing the implementation of processes initiated by the market and regulations, they submit their work to the approval of the AFTI's Board. These groups are the following:

Asset management:

- Funds administration
- Depositary
- Fund Stocks and Flows

Clearing and settlement:

- Custody
- France Liaison
- Fixed Income and Equities Markets
- MIG France

Issuer services:

- Issuers

Support functions:

- Communication
- Training

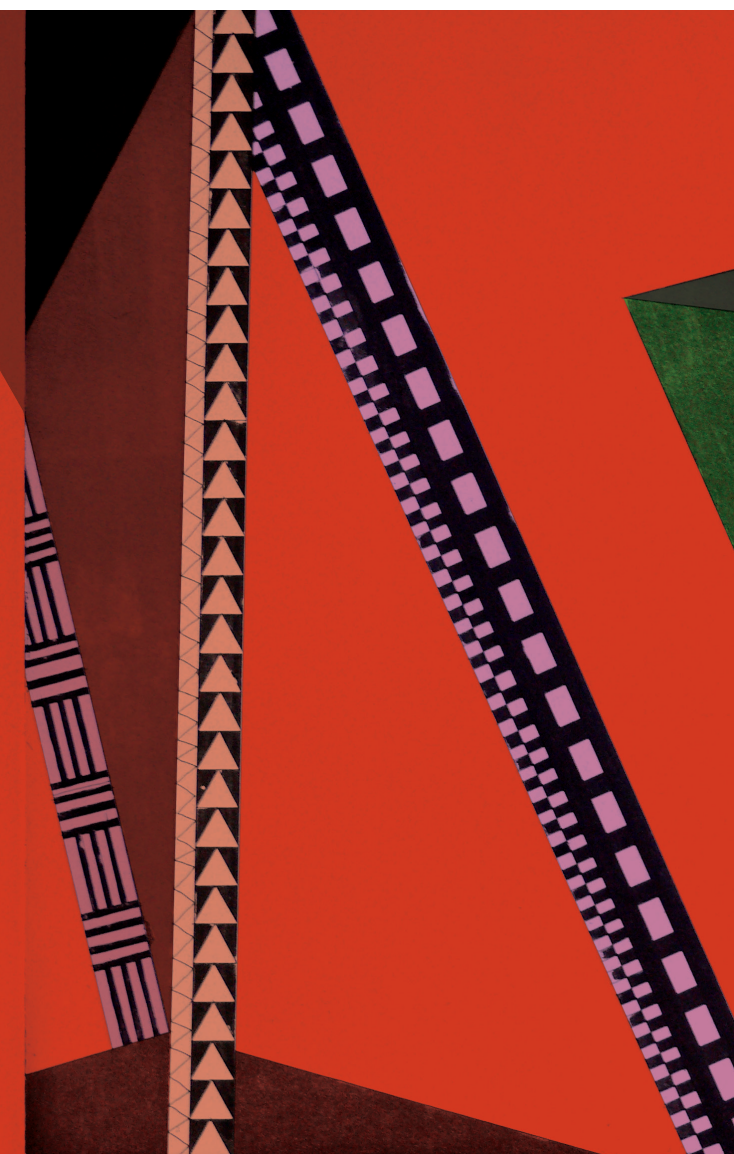
Market Projects Planning Committee (C3P)

These groups are supported by four monitoring units, whose cross-disciplinary nature makes it easier to address common issues such as **legal, tax and international questions as well as online communication**.

Representativeness

AFTI is structured around a Board of Directors comprising the following corporate members:

- AMAFI
- BANQUE DE FRANCE
- BANQUE PALATINE
- BNP PARIBAS
- BNP PARIBAS SECURITIES SERVICES
- BPCE
- CACEIS
- CAISSE DES DÉPÔTS ET CONSIGNATIONS
- CRÉDIT AGRICOLE TITRES
- CRÉDIT MUTUEL CIC-TITRES
- EUROCLEAR France
- HSBC France
- LA BANQUE POSTALE
- LCH.CLEARNET SA
- LCL
- NATIXIS
- EURONEXT Paris
- OCBF
- ODDO & Cie
- PROCAPITAL
- RBC Investor Services
- SOCIÉTÉ GÉNÉRALE



Business consistency

AFTI is actively involved in the preparatory discussions regarding the implementation of directives and regulations from the European Parliament, Council and Commission - as most major post-trade debates currently relate to Europe.

Moreover, it systematically acts jointly with other associations of the Paris marketplace to give a common response to consultations on post-trade topics.

AFTI businesses are grouped together under **three terms of reference**

Clearing and settlement

Include the reception and transmission of client orders on the market, clearing of executed trades, settlement of securities and their registration in client accounts. Market infrastructure services are used to this end: NYSE Euronext for order execution, LCH.Clearnet SA for clearing, and Euroclear France for settlement.

AFTI supports the efforts undertaken by the European Commission at the request of the Pittsburgh G20 leaders, who stressed the need to make financial markets more transparent and secure.

Within the context of the revised MiFID (for trading and execution), EMIR (for clearing) and the CSD settlement project, these efforts are intended to prepare the way for a comprehensive framework to ensure that a secure and effective market model is put in place.

Indeed, market infrastructures are vital to orderly capital markets and financial stability in Europe, since they operate special platforms that provide transaction security.

For AFTI, it is therefore essential that general principles be laid down governing the role and supervision of market infrastructures, and that those principles not be undermined by exemption mechanisms that make the target model utterly ineffective.

In this context, under the leadership of Eurosystem, Target2-Securities (T2S) is the key project for the European post-trade sector in the next few years. Migration is likely to take place around 2015-2017.

Other, more modest but no less foundational projects are emerging, such as T+2 settlement and work to bring standards governing corporate actions into line with European standards, both of which are respectively due to be completed by October 2014 and May 2015.

Asset management

Brings together services to mutual fund investors (UCITS, AIF). Includes depositaries, fund administration services, centralisation of subscription/redemption orders and issuance account keeping for mutual funds.

The AIFM Directive provides for a regulatory framework for depositaries - similar to the current French framework - associated with a high level of responsibility. It clarifies and harmonises the ability for depositaries to perform other functions such as those of independent valuation agent, net asset value calculator or prime broker, provided that conflicts of interest are managed appropriately.

AFTI reiterates that the UCITS V level 1 and 2 texts must be consistent with the AIFM Directive so that depositaries can perform their duties with a level of responsibility that does not exceed the degree of control they can reasonably exercise, in order not to limit the service offering which would restrict the geographical coverage of European managers' investments.

Depositaries perform the same duties and checks irrespective of the type of vehicle being managed (AIF or UCITS) to the extent that a fund restricted to retail investors can invest in the same types of financial instruments as a fund aimed at qualified investors.

On the question of a European passport for depositaries, AFTI stresses that depositaries' functions and responsibilities need to be harmonised before a passport can be introduced.

Issuer services

Concern activities related to the lifecycle of a company's share capital or debt. Include consultancy services and transaction preparation, issuance account keeping and maintenance of shareholder registers, centralisation of general meetings and CAs, and employee share ownership management.

AFTI is involved in the European implementation of standards linked to the removal of Giovannini Barrier 3, which concerns market standards applicable to the processing of general meetings. It welcomed the directive on the exercise of certain rights of shareholders in listed companies.

Evolving legislation on shareholder voting rights is a major concern for the issuer services sector, which now needs to be approached from a European perspective. The European harmonisation process must not lead to looser practices that might undermine the high levels of security that are a hallmark of French general meetings, which have a strong deliberative power and a fully dematerialised voting system.

Issuers recognise custodians as «trusted third parties» that are subject to banking secrecy laws. In the end, voting is done by the shareholder, the sole owner of the shares.

AFTI has spearheaded the development of a pre-meeting online voting mechanism through the creation of VOTACCESS, a paperless information and vote collection system.

AFTI is particularly involved in work on the future «Securities Law Legislation» (SLL).

In this respect, AFTI reiterates its expectations which concern the following points:

- protection of the final investor, who is the sole rightful owner of the securities;
- no rights over securities for intermediaries;
- issuance integrity: the number of securities in circulation cannot exceed the number of issued securities, and the direct link between investors and issuers.

Information channel

Businesses evolve with lightning speed and control of information is a big advantage.
For this reason, AFTI provides its members with:

An event cycle

allowing to relay the best expert interventions and facilitate member meetings.

Lectures

«AFTI lectures» deal with ongoing industry issues and bring together the most knowledgeable professionals.

Breakfast meetings

Organised in partnership with consulting and law firms, «AFTI breakfast meetings» focus on business-oriented technical matters (innovative software solutions, new standards, etc.) and regulatory issues (annual tax and legal balance, effects of a directive, etc.).

Publications

«Lectures»,
Quarterly newsletter on European events,
Annual report.

Website

The AFTI website provides members with a modern tool in line with information flows:

- What's new?
- Events
- Reports from Working Groups and Monitoring Groups,
- European information,
- Alerts,
- Responses to public consultations...

Copies of videos taken from our events

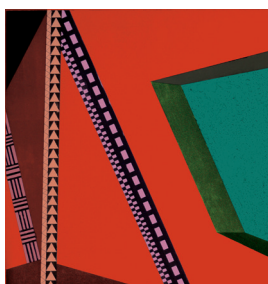


French Association of Securities Professionals

Head office: 36, rue Taitbout - 75009 Paris

Tel. + 33 (0)1 48 00 52 01 / Fax + 33 (0)1 48 00 50 48

E-mail: secretariat.afti@bf.fr / Website: www.afti.asso.fr



"Fauve" by Charles Sauvat.

AFTI supports Charles Sauvat, a young sculptor, designer and printmaker

