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ASSOCIATION FRANÇAISE  
DES SOCIÉTÉS  
DE PLACEMENT IMMOBILIER

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Consultation in response to the European Commission's call for technical advice on the design of a new prudential regime for investment firms

Dear Sirs,

ASPIM welcomes the opportunity to comment on the consultation in response to the European Commission's call for technical advice on the design of a new prudential regime for investment firms.

ASPIM is the French association of real estate investment funds, especially "SCPI" (closed-ended real estate company) and "OPCI" (open-ended real estate fund). Its purpose is to represent and promote the interests of investors together with specialized management companies all approved by the French Financial Market Authority ("AMF"). Created in 1975 and based in Paris, ASPIM currently gathers more than 70 members. This industry represents a global AUM of € 100 Bn.

ASPIM considers that the French real estate investment funds industry does not represent a systemic risk that is underestimated by the financial system, since those vehicles almost exclusively invest in real property which are unlisted, thus non-subject to financial speculation. This means that French real estate management companies should not be considered as "systemic and bank-like" investment firms.

French real estate investment funds must be managed by a portfolio management company, under the supervision of the AMF. From a regulatory point of view, a portfolio management company is considered as an Alternative Investment Fund Manager and regulated as such by the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (AIFMd) as transposed in the French law. The core business of a French real estate portfolio management company is the collective management of Alternative Investment Funds and also, incidentally, provide certain MiFID investment services or activities, such as, and mainly, investment advice and reception and transmission of orders, which are necessary to conduct its distribution activity, but not its core business.

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The AIFMd sets forth in recital n°23 and in article 9 specific rules with regards to initial capital and own funds, which are sufficient to cover professional risks under MiFID investment services or activities. Those capital requirements have been difficult to implement for some ASPIM members and it will be inefficient to apply a new prudential regime for those management companies which no longer be considered as investment firms under MiFID II. ASPIM asks for the preservation of the current prudential regime applied to French management company as a result of the AIFMd implementation.

Yours sincerely,



Arnaud Dewachter  
Managing Director