



## Launching your Islamic Fund in Paris

### Why should you choose France to set up your Islamic fund?

- **No regulatory hurdle to Islamic fund management:** 1/ The market regulator (AMF) is explicitly authorizing Shariah compliant funds; 2/ Several Shariah compliant funds are currently distributed in France.
- **Fast initial procedures and easy and quick procedures for further fund launches.** In France, once your Asset Management Company is afloat, only two to four weeks are necessary for the launch of new funds, whereas in most financial centers such as Luxemburg, a whole new procedure for each product is required.
- **Some French institutional investors are obliged to invest in France-domiciled funds.** Therefore, the purpose of targeting the French market would be better served if funds were to be domiciled in France.
- **Visibility and Brand-awareness:** France is recognized worldwide for creating an “Islamic Finance friendly environment” as testifies the commitments of Mrs. Christine LAGARDE, French minister of Economy, and that of the Paris market Place. Also, France is being closely watched by the media in the Middle-East and North Africa region and by the Islamic investment community globally.
- **Tax reliefs:** French investors may benefit from tax reliefs on the purification proceeds donated to French charities (up to 66% tax reliefs for investors on the donated moneys).
- **Cost efficiency:** France is a cost efficient domiciliation location.

### French Monetary Authority (AMF) main requirements

- No specific condition for Islamic Collective Investment Schemes (CISs), explicitly recognized by the AMF (17 July 2007 Recommendation), as long as regulatory and statutory requirements are complied with.
- Asset Management Company should keep its independence in stock selection and be able to assess the Islamic stock-selection criteria.
- ETFs and index-linked funds: the index should comply with all conventional requirements of diversification, representativeness and security.
- Purification of income: it is possible to distribute some or all of the CIS’s distributable income to a charity, as long as this option is explicitly stated in the prospectus. Note

that for French resident investors, the waiver of income is a donation that can attract tax relief for the investor.

### **Procedure and timetable**

- **Setting your Asset Management Company:** French funds must be managed in an Asset Management Company duly registered in France. It usually takes two to three months to obtain registration by the AMF.
- **Launching your fund:** once the management company is settled, only two to four weeks are usually necessary for each new fund to be registered.
- **Possibility to delegate the management to a foreign company:** in some cases, it is possible to delegate the management to another Asset Management Company based in a foreign country. The regulatory framework and the registration process for Asset Management Companies in that foreign country will be taken into consideration by the AMF before granting the possibility to delegate the management. For example, Asset Management Companies based in Switzerland and managing foreign funds are not registered at the local market authority. Therefore, the AMF might consider them as ineligible for a management delegation.
- **Distribution in France of a fund managed by a company registered in another European country:** if a management company is registered in another European country, the fund should be pre-cleared for distribution in France by the AMF. This process can be up to two-month long. Bilateral agreements for UCITS III funds for local distribution exist between the AMF and other foreign regulators. Please check the existing agreements for any specific location.

### **Example of Islamic funds launched in Paris**

- **ETF:** BNP Paribas launched the *easyETF DJ Islamic 100*, following the “Dow Jones Islamic Market Titans 100 Total Return” index, in 2007.
- **UCITS-III SICAV:** Crédit Agricole Asset Management (CAAM) listed the first “Shariah” compliant SICAV (open-end CIS), currently under distribution for retail investors. The three compartments are benchmarked against DJIM indices.
- **Retail equity fund:** “Karama éthique” is an equity fund launched in September 2009 by the BRED and Banque Populaire network in France.
- **Life insurance:** AGF-Allianz has launched a life insurance product distributed in the Reunion Island (French department).