



Presentation of the Monaco Financial Centre

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Presentation of the Centre

Development in the framework of Franco-Monegasque relations....

- First banking houses dating from the end of the 19th C.
- A real, fully-fledged beginning in the 1970s
- Based on a Franco-Monegasque agreement, conferring approval and supervision of Monegasque banks to the French Authorities

Presentation of the Centre (2)

➔ ... But, and in equal measure, on the basis of national regulations ...

- In the 1990s, the centre counted more than 50 financial houses
- Anxious for diversification, the authorities of Monaco then regulated several financial services, ancillary to banking
- The collective management of Mutual Funds in 1987
- Transactions in asset management of 1997

Presentation of the Centre (3)

...altered and modernised in 2007

- So as to be in line with international standards
- With a view to providing the best possible client service
- To safeguard the security of the centre
- These transactions are, henceforward, approved by an independent Monegasque authority
- The Financial Transactions Monitoring Commission (the C.C.A.F)

Presentation of the Centre (4)

➔ Monaco is not a member of the European Union, but is in the Euro zone

- The Monetary Convention signed with France on behalf of the E.U. on 26th December 2001
- Replaced by the Monetary Agreement of 29th November 2011
- Has made it possible for Monaco to adopt the Euro as monetary successor to the French franc.
- Access to French payment systems and, then, to SEPA
- Likewise for payment-delivery systems regulating European securities

Presentation of the Centre (5)

➔ Monaco and the major international bodies

- The Principality is a member of the UN, the Council of Europe and equally maintains relations with the IMF
- The IMF has carried out assessments of the stability of its financial system

Presentation of the Centre (6)

Monaco and the combat against money-laundering and the financing of terrorism

- First legislation brought in as of 1970 (to combat drug-trafficking)
- Strengthening of the provisions made, in 1992/1993
- Creation of a specialised service, the SICCFIN, (Information and Monitoring Service for Financial Circuits)
- Active member of the Egmont Group, in 1997
- Participation in the Moneyval/GAFI operations

Financial Houses

➔ A Franco-Monegasque supervision (Convention of April 1945)

- Updated in 1963, 2001, 2005 and October 2010
- France's specific legal provisions are applicable to Monaco regarding the regulation and organisation of financial institutions
- Monaco's legal texts regarding the role of administrator, auditor, or liquidators
- The E.U. consumer laws regarding the bank/customer relation do not apply, i.e. more contractual freedom

Financial Houses (2)

- Monitoring by the ACP, the Prudential Monitoring Body, ex – Banking Commission/Banque de France
- All credit houses wishing to set up business in Monaco must obtain a double approval
- Authorisation from the Monaco Government, just as with any other company start-up in the Principality
- Approval from the French Prudential Monitoring Body
- By contrast, asset management activities are subject solely to Monegasque regulations and approved and monitored by the C.C.A.F. (Financial Transactions Monitoring Commission)

Financial Houses (3)

➔ The creation of a bank in Monaco

- Incorporation in the form of a Public Limited Company (plc) of Monaco (an S.A.M.), of a French bank subsidiary, or of a foreign bank outlet.
- ACP approval, plus Government Authorisation
- Conditions imposed by French regulations, in terms of shareholding, of the minimum share capital, of organisation and internal auditing
- The subsidiaries, other than French, are also subject to double French and Monegasque approval
- No share capital, but a designation equivalent to the S.A.M., (or 'Public Limited Company of Monaco')

Monegasque regulations

Framed by Laws, Royal Ordinances and Decrees

→ Financial Transactions

- Law 1.338 of 7th September 2007
Financial transactions performed in Monaco, subject to approval
- Royal Ordinance 1.284 of 10th September 2007
Describing the operational conditions regulating approved companies
- Law 1.314 of 29th June 2006
The safeguarding and administration of financial instruments

Monegasque regulation (2)

➔ Collective Investment Funds (CIFs)

- Law 1.339 of 7th September 2007
*Regarding collective investment funds and investment funds:
general principles*
- Royal Ordinance 1.285 of 10th September 2007
Describing the rules governing the collection and working of funds
- Ministerial Decrees 2008-50 & 51 of 4 February 2008
*Description: simplified prospectus and joint declaration to be made
by the asset management company and the custodian at the
moment of creating a fund*

Transactions subject to approval

➔ A broad range, subject to the approval of CCAF

1. Third-part management of marketable securities/financial futures
2. CIF Management or other forms of CIF, under Monegasque Law
3. Receipt and transmission of orders for Third-Parties on the financial markets
4. Advice and Assistance in figures 1 to 3
5. Management of foreign-law Collective Investment Funds

The conditions to be respected

➤ **The Legal formalities**

*Exclusively Monegasque Public Limited Companies, or
Subsidiaries of foreign banks in the Principality*

➤ **The financial guarantee**

Appreciated in the eyes of the shareholders

➤ **Worthiness, experience, professional competence
in management**

➤ **Resources deployed to engage in transactions**

Material, technological and human resources

The conditions to be respected(2)

➤ Capital (for the S.A.M./Monegasque plc)

- **450,000 EUR** Third-party management and management of foreign assets
- **300,000 EUR** Receipt/Transmission of orders and Advice and Assistance
- **150,000 EUR** Management of Monegasque assets up to €250m, then, €40,000 supplementary in blocks of €200m

➤ Company purpose

- **Exclusive company purpose**, stating clearly, in black-and-white, what are the financial transactions envisaged.

The approval process for a corporate body

➔ **Vis-à-vis the Financial Transactions Monitoring Commission**

- Getting into contact with the General Secretariat
- Application for approval (Dossier available on the website)
- Waiting period (Decision within six months of filing the completed dossier)
- Amendments to the dossier (New procedure)

➔ **Vis-à-vis the Management for Economic Expansion**

- Necessary procedure for setting up a company in Monaco

Creating a Monegasque fund

- ➔ Either a Collective Investment Fund (CIF)
or an Investment Fund (IF)
- CIF: rules drawing inspiration from European standards
 - IF: possibility of benefiting from more sophisticated strategies
- Open to the public, or reserved for certain persons
 - Created conjointly by an Asset Management Company and a Custodian, both established in the Principality
 - **Approval waiting period:** Three months for an open-end fund and 8 days for a reserved fund from receipt of completed dossier

Marketing the Principality's financial products

- ➔ Can only be carried out by establishments which have been properly approved by the Centre
- ➔ Direct marketing of financial products by non-approved bodies is forbidden