



## Market Asset Safety Risk Assessments

Due to increasing regulatory requirements aimed at the protection of assets in collective investment vehicles it is essential for depositary banks to demonstrate to fund clients that they understand and monitor the processes and risks inherent in local capital market infrastructures. These conditions fundamentally shape the manner in which the underlying assets of funds are held and are recoverable in the event of a default or crisis.

The Market Asset Safety Risk Assessments (MASRA) provide a comprehensive overview of the factors surrounding the protection of client assets in invested markets. The primary role of the report is to provide investors with an overall assessment of each market in terms of relative risks of loss of assets within the context of both the Alternative Investment Fund Managers Directive (AIFMD) and the Undertaking for the Collective Investment in Transferable Securities (UCITS V).

This includes elements of Country Risk (e.g. natural, political or financial environment) that could directly or indirectly trigger loss of principal, the risk of the state defaulting on its debt, as well as local market processes and risks in the capital market infrastructure and sub-custody arrangements affecting the safekeeping of underlying securities.

The assessments are graded on a scale of AAA to CCC.

A list of markets covered by the service is available on request.

**Country Risk Triggers**

Risk Category	Historic and Current Exposures
Natural Disasters	Hydrological disasters: There is possibility of floods in various areas of France, and cracks in the mountainous areas affecting infrastructure including communication and transportation.
	Meteorological disasters: Wildfires could happen in the midlands.
	Climatological disasters: Droughts and forest fires in the south during the summer months but especially along the Mediterranean coast and on Corsica.
	Geophysical disasters: No significant exposure reported.
Wars, conflicts or terror attacks	There is a high threat from terrorism. Several incidents in the last few years have been treated as terrorist incidents. The French government maintains a government alert system, Vigipirate, the purpose of which is to protect the country's population, infrastructure and institutions, and to prepare response measures in the event of a terrorist attack.
Acts of State	Major demonstrations nationwide strikes
	Child arrests, spy d'etat
	Declaration of a emergency, cyber law

**Market Asset Safety Risk Assessment**

Overall Risk Grade:	A+
Overall Risk Outlook:	Stable
Country Risk Score:	7.62
Capital Market Infrastructure Risk Score:	6.97
Custodian Risk Score:	6.16

**Risk Scores History**

1 January 2016, 1 January 2018, 1 January 2020, 1 January 2022, 1 January 2024

**Overall Summary**

There is an ongoing threat of terrorism in France. Since 2015, there has been an increase in terrorist attacks in France. Events throughout the country may be cancelled and public places may close without notice. Also, there are occasional instances of large demonstrations in Paris that could turn confrontational and possibly escalate into violence. Strikes, student demonstrations, labour unrest and other protests occur occasionally.

Concerning asset safety practices, UCI SA offers clearing members the choice between individual segregation and an omnibus account structure at the CCP level. In addition, it offers both pre- and post-default portability. At CCI level, transferee France generally allows the omnibus structure, although the nominee concept is not fully recognised in French law. However, the concept of Registered Intermediary is recognised. Custodians are under legal obligation to separate client from proprietary assets. As a consequence of this obligation, securities belonging to clients do not form part of the estate of the custodian and are therefore not available to creditors of the custodian.

Market Asset Safety Risk Assessment is structured around the following headings: (to view, click on a section name)

Country Risk Triggers	Local Market Administration Organisations
Financial Market Infrastructure Outages	Market Entry Requirements
General Economic Indicators	Asset Safety
Legal and Regulatory Framework	

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