

The AMF warns of the dangers of forex market trading for individual investors

Alerted by a growing number of complaints from investors and many advertisements for investors to trade in the online foreign exchange (forex or FX) market, the AMF has begun an online publicity campaign to increase public awareness of the risks of trading in the forex market. It has also published an exclusive study that evaluates returns from forex investments for the first time.

Exclusive AMF study¹: Nine private clients out of ten lose money

For the study, AMF analysed data from authorised firms making up a very significant part of the CFD and forex market in France. It is the first reliable evaluation of the returns of individuals investing in forex and/or CFDs.

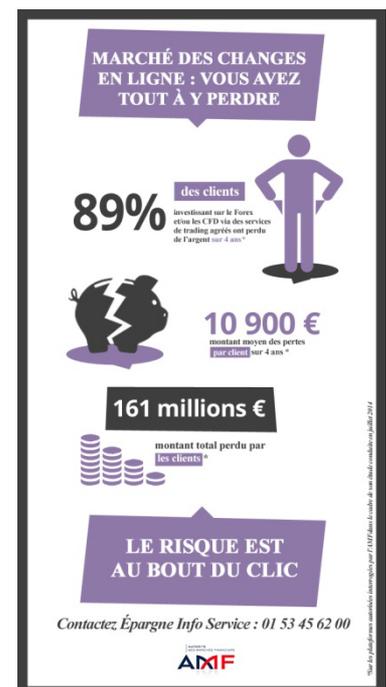
• **Decisive results**

Lessons drawn from the study confirm the danger of investing in this market for the public:

- In four years, **the percent of clients losing money across all providers combined is nearly 89%**.
- The **average loss per client** was nearly **€10,900 between 2009 and 2012**.
- Over the four years, **13,224 clients** together lost nearly **€175 million**, while the remaining 1,575 clients made a total profit of €13.8 million.

In addition to the great majority of losing clients and the losses suffered, the study sheds light on a behavioural phenomenon: **individual investors learn little over time**. Indeed, it appears that the most active and regular investors see their losses mount over time.

“Our study demonstrates that even with duly authorised intermediaries, the majority of individual investors lose money, sometimes more than their initial investment because of the leverage in these instruments,” explains Benoît de Juvigny, AMF Secretary General.



¹The study considers the overall results of individuals who invested in the following instruments: rolling spot forex, binary options, contracts for difference (CFDs) on currencies or any other type of underlying product. The results are based on the returns of 14,799 active individual investors, clients of authorised services providers over a period of four years, 2009-2012.

Online forex trading: risk of scams for the general public

- **Marketing ploys by illegal operators**

While online trading in the foreign currency market with regulated operators leads to losses for the majority of clients, individual investors must also be wary of fraudsters in the market. Numerous firms operate in France without the authorisations required to offer services to the public. The AMF receives many complaints from individual investors who have succumbed to enticing promises in numerous Internet advertisements. The serious façades of some websites are actually hiding frauds. Using impressive marketing, these firms take the money of clients who then find they have limited or no recourse due to the location of fraudsters, who are usually abroad.

- **The AMF takes legal action**

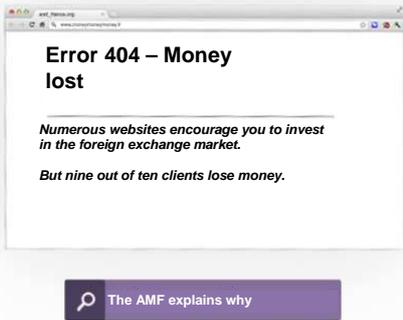
For several years, the AMF has used a variety of methods to inform the public and make it aware of the situation, including publishing online lists of illegal websites and working with judicial authorities, as well as conducting supervisory visits and investigations at some firms. The AMF has taken legal action to block access for Internet users in France to certain sites offering services without proper authorisation. On 15 September 2014, the Court of First Instance of Paris agreed to this request for the first time.

“We laud this decision, which constitutes a new measure initiated by AMF in our battle against this phenomenon. However, beyond this legal step, we are convinced that the best weapon remains prevention,” explains Natalie Lemaire of the AMF’s Retail Investor Relations Directorate.

“Foreign exchange trading is a market that individual investors should avoid. This is our conviction and the purpose of our efforts today.”

With online forex trading, risk is only a click away

The AMF
launches its first public awareness campaign on risks inherent in online trading in the foreign exchange (forex) market.



With online forex trading, risk is only a click away.

The AMF has launched an internet campaign to attract the attention of cybernauts in an unconventional and humorous fashion. Through the same devices and promises used by firms extolling the advantages of online trading for individual investors, a window pops up to alert the user, who discovers the satirical nature of the advertisement. The window includes a link to the AMF’s website for content explaining the risks of forex trading, including an educational video, personal experiences, interactive graphics, glossary and FAQ, a wide variety of information that can be consulted at www.amf-france.org.

