



Book III - Service providers

Title I - Investment services providers

Chapter III - Financial instrument governance requirements

Section 1 - Financial instrument governance obligations for manufacturers

General regulation of the AMF

Article 313-17 into force since 03 January 2018

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Article 313-17

I.- The manufacturer shall:

- 1 • review, if it is aware of any event that could materially affect the potential risk to investors, any financial instrument prior to:
 - a • any further issue of financial instruments with similar characteristics;
 - b • any issue of a financial instrument that is fungible with a previously issued financial instrument; or
 - c • any new financial contract; and
- 2 • conduct reviews at regular intervals to assess whether the financial instrument functions as intended.

II.- It shall determine how regularly to review manufactured financial instruments based on relevant factors, including factors linked to the complexity or the innovative nature of the investment strategies pursued.

III.- It shall also identify crucial events that would affect the potential risk or return expectations of the financial instrument, such as:

- 1 • the crossing of a threshold that will affect the return profile of the financial instrument; or
- 2 • the solvency of certain issuers whose securities or guarantees may impact the performance of the financial instrument.

IV.- When such events occur, it shall take appropriate action which may consist in:

- 1 • providing relevant information on the event and its consequences on the financial instrument to the clients or the distributors of the financial instrument if the manufacturer does not offer or sell the financial instrument directly;
- 2 • changing the financial instrument approval process;
- 3 • stopping further issuance of the financial instrument;
- 4 • changing the financial instrument's contractual stipulations to avoid any unfair terms;
- 5 • considering whether the sales channels through which the financial instruments are distributed are appropriate where it becomes aware that the financial instrument is not being sold as envisaged;
- 6 • contacting the distributor to discuss a modification of the distribution process;
- 7 • terminating the relationship with the distributor; or
- 8 • informing the AMF.

📌 **Version into force since 3 January 2018**