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CHAPTER VII: AMF RELATIONS WITH THE PUBLIC

The AMF protects the interests of investors through its educational activities and public mediation services. Its aim is not to pass judgement on the merits of a particular investment or to guarantee a particular product, but rather to ensure that investors possess all the facts they need to take an informed decision. In addition to offering educational support, the AMF provides mediation services to help deal with disputes.

In an effort to foster ongoing dialogue with the financial community, the AMF created five consultative commissions made up of market professionals, as provided for under Article L. 621-2.III of the Monetary and Financial Code. As well as enjoying the support of the commissions, the Authority, like the COB and CMF before it, also relies on the expertise of its specialised working groups and scientific advisory board.

I – OMBUDSMAN’S REPORT

A – Overview and outcomes

The work of the mediation division was unaffected by the CMF/COB merger, insofar as this function previously came within the jurisdiction of both legacy institutions.

Indeed, the Financial Security Act formalised these activities to a certain extent. The first paragraph of Article L. 621-19 of the Monetary and Financial Code provides that “the AMF is empowered to hear complaints from all interested parties on matters within its jurisdiction and to take appropriate action in response. Where necessary, the AMF shall propose out-of-court resolution, by means of conciliation or mediation, of the disputes brought to its attention”.

The division received a new director on 27 April 2004. Daniel Farras was called upon to take up new responsibilities within the AMF and was replaced as Ombudsman by Madeleine Guidoni, a member of the judiciary previously on secondment to the CMF as a legal adviser.

The mediation division currently comprises three legal specialists and two assistants, all working under the authority of the Ombudsman.

The division is responsible for ensuring that all cases are closely monitored. One way it achieves this is by continuously updating the Mediator database. The division analyses all complaints and mediation requests, verifies the quality of responses provided and enforces deadlines.

The mediation division serves the interests of non-professional investors and service providers alike. In this context, it participates in the AMF’s market monitoring and investor protection work and assists in communication activities conducted via the media and through attendance at trade fairs and forums.

Five consultative commissions were set up at the AMF’s inception. Given the wide array of issues brought before it, the mediation division benefited greatly from regular participation in the commissions’ activities.

For example, the division took part in all meetings of the consultative commission on the protection of small investors and minority shareholders and was involved in the investor education working group, which was set up at the commission’s initiative to structure efforts to educate investors. The mediation division also participated in the business of the consultative commission on individual and collective investment schemes and was involved on an ad hoc basis in the work of the other commissions.

In addition, the division monitored the introduction of the AMF General Regulation, amalgamating existing COB and CMF rules and regulations and incorporating amendments needed to reflect developments in Europe.

B – Inquiry and mediation caseload

The mediation division works on two types of case:

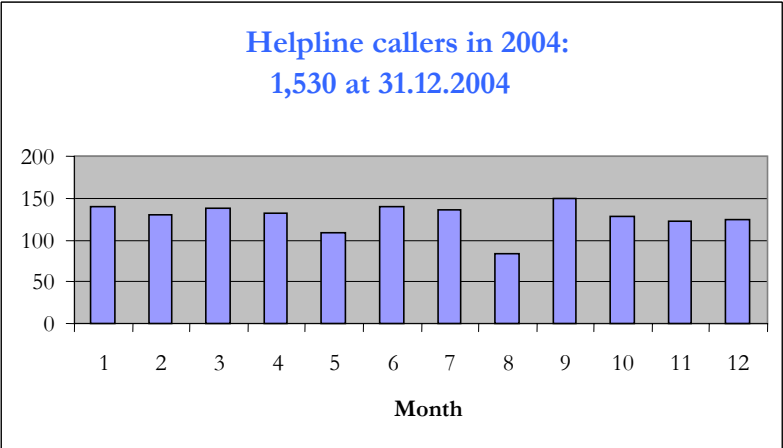
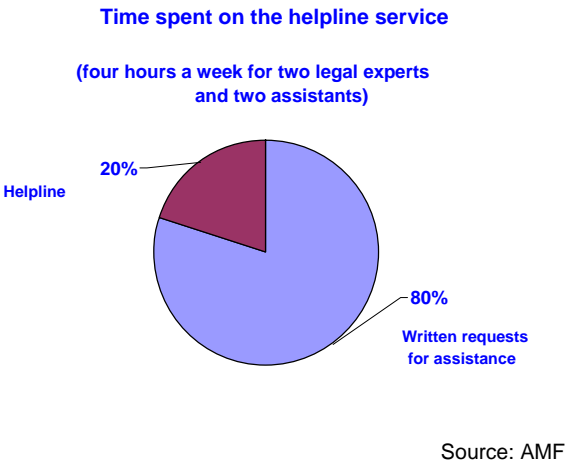
- inquiries, where the division is essentially fielding questions from individual investors on technical issues falling within the AMF’s jurisdiction;
- mediation requests, or cases involving a dispute between intermediaries and customers where the parties wish to come to an out-of-court settlement.

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A total 1,861 new cases were opened in 2004, including 1,326 inquiries and 485 requests for mediation dealt with during the year. This was down slightly on 2003's 2,020 new cases. The relative proportions of the two categories also shifted, with inquiries accounting for 74% of the total caseload compared with 26% for mediation requests, after 66% and 34% respectively in 2003.

In addition, 1,530 callers contacted the helpline service, which operates on Tuesday and Thursday afternoons. Again, this was a slight fall on 2003, when 1,632 people called the helpline.

Time spent on the helpline (four hours per week for two legal experts and two assistants)

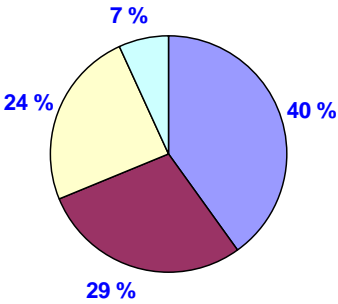


C – Subject areas

Cases are divided into the following 11 subject areas:

Collective investment products, discretionary management, order transmission/execution, custody account-keeping, issuers, general market matters, financial instruments (other than collective investment products), direct marketing ("cold calling"), advisory services, bodies responsible for oversight/supervision/defence, and miscellaneous topics.

1 – Mediation requests and inquiries, by subject area

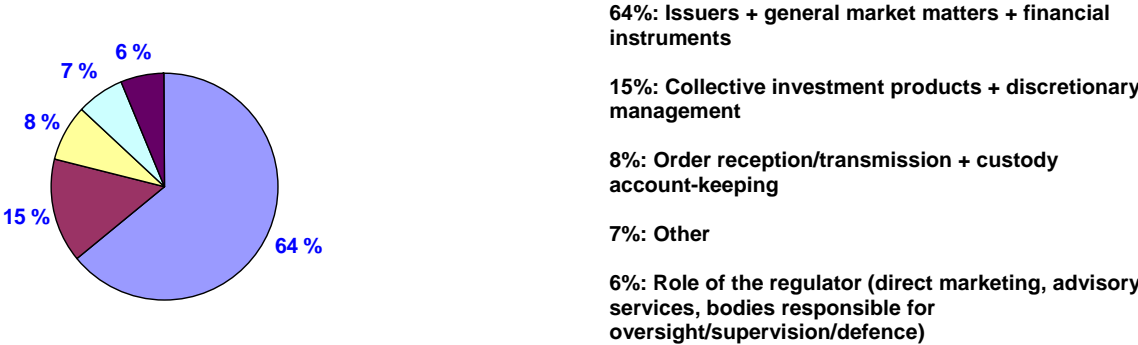


- 40%: Issuers + general market matters + financial instruments**
- 29%: Collective investment products + discretionary management**
- 24%: Order reception/transmission + custody account-keeping**
- 7%: Other**

Source: AMF

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Inquiries, by subject area



Source: AMF

Inquiries are closed once the division has answered the initial query and addressed any follow-up requests for information. Average response time is one month for most inquiries.

	As at 31 December 2004
Number of inquiries received	1,326
* o/w inquiries received within the last month	94%
* o/w inquiries received over one month previously	6%

Sometimes a request may entail checks that come within the purview of other divisions, especially if there is an allegation of price manipulation or false information. In such cases, the petitioner is advised that the inquiry has been forwarded to another division.

In other cases, a different division is merely required to supply an opinion. On receiving the relevant information, the mediation division sends its response to the complainant.

Some questions relate to issues that are not under the AMF’s jurisdiction but concern problems encountered in connection with a securities investment. Inquiries about life insurance policies are a case in point. Such policies are governed by the provisions of the insurance code, and the AMF has no power to enforce that code or to sanction violations of it. The same applies to questions dealing purely with tax or banking-related issues.

In such cases, the division’s staff refer the petitioner to the relevant body or bodies.

Inquiries pertaining to matters under the AMF’s jurisdiction are becoming ever more complex.

As an example, the division received queries about disclosure obligations towards investors in European Undertakings for Collective Investment in Transferable Securities (UCITS), especially in the context of mergers and acquisitions. When UCITS are modified, it is possible that French investors might receive less information than if they held units in French collective investment schemes. (The AMF issued an instruction ¹ on this subject, stating that French investors must receive disclosures under the same conditions as unitholders in the scheme’s home Member State. In addition, if such disclosures are made solely through news releases in the home Member State, the scheme’s paying agent must send the same information to French investors by mail.)

French investors encounter a twofold problem in such situations:

- if they approach the mediation division, they will not be entitled to receive any information because the transaction in question is under the jurisdiction of another supervisor;
- if they contact their bank or the entity that is marketing the product, the person they speak with will generally have no more information than the investor himself and so will be unable to provide clarification.

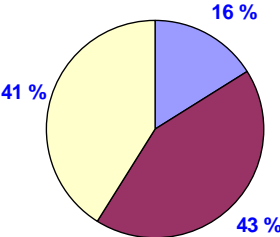
¹ AMF Instruction 2005-01 of 25 January 2005

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One way to address this problem would be for the regulator to require that any material change affecting a foreign collective investment scheme should be subject to the same disclosure requirements as those in place for French schemes. This is precisely what the AMF did with Instruction 2005-01 of 11 March 2005.

3 – Mediation cases

Mediation cases, by subject area



43%: Collective investment products + discretionary management.

41%: Order reception/transmission + custody account-keeping.

16%: Issuers + general market issues + financial instruments.

Source: AMF

	As at 31 December 2004
Number of mediation cases closed	485
* o/w cases received in the last six months	82%
* o/w cases received over six months previously	18%

A full 82% of mediation cases were closed within six months. Most of those not closed within that time involved dossiers that had been suspended pending an investigation or an opinion from another AMF division. The information or documents requested might also be hard to obtain for some reason – for example, the events in question could have occurred a long time ago, or the service provider might have changed.

Although 2004 brought no major changes in the subject areas of cases submitted to the mediation division, the following section briefly reviews several recurring or increasingly prevalent themes.

a) Structured funds

Structured funds were once again a regular subject of mediation cases in 2004.

Capital losses sustained at maturity by subscribers to structured funds gave rise to fewer complaints and questions in 2004 than in 2003. Still, the division did continue to receive dossiers concerning Benefic, an investment product. To give time for an internal solution to be reached before stepping in, the division referred these cases to the central body at La Poste, France’s Post Office, that has been tasked with handling Benefic-related requests. However, the mediation division is monitoring all dossiers passed on to La Poste and has asked to be kept informed of response times and action taken. The AMF’s specialised divisions continued the investigation begun in late 2003 into the way Benefic was marketed. No comment can therefore be made on this matter for the time being.

There were also numerous complaints about other products besides Benefic that matured in 2004.

It was impossible to reach an out-of-court settlement in most cases because the institution that had marketed the products in question was able to provide a signed subscription form as evidence that the customer had acknowledged receiving and understanding the product prospectus and so could be in no doubt that the investment described was not guaranteed.

In other cases involving structured funds, some institutions did offer compensation for investor losses. At the same time, however, they insisted that the product had been marketed with due care, maintaining that steps had been taken to ensure the customer fully understood the product and that the customer’s financial situation had

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been reviewed beforehand.

These "conciliatory gestures", to employ the term used by practitioners themselves, were often made to elderly, long-standing customers.

In addition to requests from private individuals, in 2004 the mediation division also received more cases from investor defence associations and lawyers specialised in the field.

At issue most of the time was the way in which the products were marketed. Many of the complainants said they were encouraged to sell an administered savings product and invest instead in a product that was described verbally as having a principal guarantee – this after the customers had stipulated that they did not want any risk exposure. Most complainants did not receive a COB-registered prospectus, relying instead on documents that listed only the product's advantages. When they reacted to the drop in net asset value shown on their statements before maturity, they were talked out of selling and reassured about the future of their investment. Many of these complainants are elderly, disabled or in other difficult situations, and the harm done to them often goes beyond their capital loss. Most of them feel mistreated, saying that they trusted their advisor completely without ever imagining that they were being exposed to such risk.

In many instances, the professionals named in the complaints point to the terms of the written agreement, where the customer acknowledges having received and understood the prospectus. Where they have no proof that this information was delivered, they refer to in-house procedures governing the marketing of such products and the wording of advertising literature. Consequently, most of the cases do not result in compensation payouts by the bodies set up to process complaints.

Complainants are beginning to explore other avenues in an effort to seek compensation through the courts.

b) Market anomalies

In 2004, there were once again many complaints about market anomalies or disclosures on the situation of distressed issuers.

These types of letters are often prompted by unfavourable price movements or sudden price fluctuations. The mediation division examines the facts and, where appropriate, forwards the warning to the AMF's specialised divisions. In this regard, it is often hard to explain to complainants that their letter will not necessarily trigger an investigation or an audit, and that if it does, confidentiality requirements mean that no information may be disclosed on the progress or outcome of the case. If criminal breaches offences, complainants are told that they may contact the judicial authorities to assert their rights.

Some of the complaints did expose improper practices. Subsequently, as a result of efforts led by or coordinated with the mediation division, the AMF posted warnings on its website and referred the improprieties to the courts, which have sole competence in this area. Examples in 2004 included a share offering by Poseidis Inc, a company listed on a foreign market not recognised in France, and the unlawful promotion of I-Forex, a financial product.

Other letters concerned trading halts. Retail investors do not always understand the reasons behind such suspensions, and in some cases their financial intermediaries fail to provide a clear explanation.

Problems have occurred, for example, in relation to suspensions "pending a news release from the company" or the belated revelation of a court-ordered reorganisation or liquidation. In the second case, although the AMF regularly updates its online list of companies that fail to meet the official deadline for publishing their financial statements or registration document (where required), individual shareholders often feel as though they are facing an irreversible situation and want advice on how to proceed.

c) Corporate actions

As in the past, the mediation division received many complaints and questions in 2004 in relation to corporate actions. The division's involvement in the context of public tender offers can be divided into three stages, as illustrated by the Wanadoo deal, which comprised a public offer in cash and shares, a mandatory buyout offer and a squeeze-out.

Before an proposed offer is submitted, investors write to say that they are worried by rumours or an official announcement about a forthcoming public tender offer. The division replies by providing an overview of how such offers work under French law, explaining the AMF's role and advising the petitioner to keep a close watch on the securities in question. Once the proposed offer is submitted, investors express concerns that the proposal might be unfavourable to them and call on the Authority to do everything in its power to protect the interests of "individual shareholders". These letters are usually forwarded to the corporate finance division to ensure that shareholder concerns are taken into consideration when the proposed tender offer is reviewed.

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In its reply, the division reminds investors of the conditions under which the AMF is empowered to act.

Once the AMF has ruled that an offer is admissible, shareholders often argue with the price or ratio used in the offer and question the legitimacy of the decision. The AMF explains the context to these investors, telling them about the objective information that went into the chosen solution and reminding them of the appeal options available. Some shareholders want the mediation division to advise them on whether to tender their shares to the offer. They are told that the AMF cannot provide advice of this kind and that any explanations about the offer procedures and possible outcomes (continued minority interests, merger, squeeze-out) are given to inform what must be a purely private decision.

Once the offer is made, individual shareholders monitor subsequent developments. For example, when France Telecom announced on 28 April 2004 that it was going to merge with Wanadoo after the close of the offer in cash and shares, many shareholders wrote to the mediation division, asking the AMF to require France Telecom to submit a buyout offer. These requests were immediately passed on to the corporate finance division.

Investors often contest offers, especially mandatory buyouts. They do not understand how shares could have been removed from their portfolio even though they did not wish to tender them to the offer. They often blame their financial intermediary for what they regard as interference with private property. In such cases, the division has to explain once again the legal and regulatory framework governing mandatory buyouts.

The division was required to clarify the mechanism used in the Wanadoo buyout, which included a main offer in cash and shares plus two subsidiary offers, one in shares and one in cash. Some shareholders opted to tender their shares to the cash offer and were surprised to find that some of their securities had gone to the main offer. They were reminded that the offering circular provided for a reduction in the subsidiary offers if the total number of Wanadoo shares tendered to the cash offer was not equal to 55 divided by 45 (1.22) (the "ratio"), multiplied by the total number of Wanadoo shares tendered to the all-share offer.

Some investors complained that they had not received timely information on the offer or that their instructions were ignored. In cases where a shortcoming was detected, the mediation division contacted the intermediary to try to reach an amicable settlement.

d) Asset management

As in the past, there were many complaints concerning the disclosure and advisory obligations of asset managers. Recurring issues included the following: at the outset, the asset manager selected an investment approach that was ill-suited to the customer's requirements; the manager offered only a cursory explanation of the terms "cautious", "dynamic" and "balanced"; the investor received irregular or no reports on portfolio performance; and the asset manager failed to adjust the portfolio in the event of large losses.

When faced with such complaints, the Ombudsman urges both parties to be clearer when selecting an investment approach. The investor should receive as much advice as possible and sign a detailed written agreement. The provider should conduct a meticulous examination of the customer's financial situation and assess his request before proposing the most appropriate approach.

The two sides should be in regular, documented contact throughout the course of the mandate. As well as providing a report at least every six months, the asset manager should inform the customer in writing of any change in the investment approach and should review any significant events, such as a large fall in the value of assets under management.

These steps could help to prevent many of the problems that create irreconcilable conflicts between investors, who feel cheated by their once-trusted asset manager, and intermediaries, who believe they have acted in their clients' best interests.

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D – Outlook

This brief review of 2004 highlights several aspects that are likely to shape mediation going forward:

1 – An encouraging performance in uncontested inquiry responses and successful mediations

The division responded to 1,326 inquiries between 1 January and 30 December 2004.

None of the letters sent to petitioners concerning areas under the AMF's jurisdiction were challenged in terms of the accuracy of their response. Given the growing technical complexity of the questions being asked, this is a welcome result and sets a standard for the future.

Between 1 January and 31 December 2004, 485 mediation cases were handled. Settlements were reached in 58% of the cases in which a substantive decision could be taken.

In this regard, besides the fact that the AMF is empowered to deal only with subjects that fall within its jurisdiction, the mediation charter states that the process must be a voluntary one.

When contacted by the division, some practitioners believe they are not at fault and refuse to entertain even the idea of participating in an amicable procedure. In these cases, it is usually impossible to do anything other than draw the appropriate conclusions and close the case. Fortunately, the parties can sometimes be persuaded of the merits of entering into a mediation procedure.

Sometimes investors withdraw their own cases because they think too little compensation is being offered.

Where it is possible to hold an Ombudsman-supervised examination process in which both parties present their side of the argument, it is gratifying to see that more than one-half of these result in out-of-court settlements through some form of adjustment (e.g. the disputed transactions are cancelled), complete or partial compensation, or a conciliatory gesture.

In one discretionary management case, the client obtained €20,000 in compensation for the capital loss sustained. The situation had previously appeared to be deadlocked, after the same client failed to elicit a positive response after lodging complaints with the company mediator and with the head of the department that managed his account.

In another case, the institution agreed to draw up a list of the trades that it had executed by mistake and to pay the client compensation of €18,210.

Sometimes, the company makes a conciliatory gesture, for example by paying the tax on interest due as a result of the proposed solution (e.g. part repurchase of a contract) or by meeting extra costs.

2 – Numerous requests, with more complainants receiving assistance

A great many non-professional investors expressed their concerns in 2004, approaching the mediation division for help either to clarify a technical point or to reach an amicable settlement in a dispute with their intermediary. There was a slight uptrend in involvement by lawyers and investor defence associations, demonstrating the legitimate role played by mediation as a preliminary stage before legal proceedings.

These developments also indicate that investors' questions, which concern ever more sophisticated products and mechanisms, are themselves becoming extremely complex. This points to the need for discussions aimed at achieving a clear and precise regulatory framework that is easy to understand and implement.

3 – More institutional dialogue with intermediaries

Some intermediaries – thankfully just a handful – are still wary of, or even hostile towards, the idea of involving an outside mediator in what they view as customer-care issues to be dealt with in-house. But more and more professionals do want to extend their cooperation with the mediation division beyond the individual complaints lodged against them. Corporate compliance officers in particular are seen as key to taking such collaboration forward.

This creates space for useful and far-ranging dialogue. Taking place independently of individual cases, such cooperation would improve internal procedures and reduce the number of disputes, by enabling the AMF to clarify the regulations and demonstrate how to apply them effectively.

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In this context, intermediaries are showing a real thirst for change and seem confident that the mediation division can help them in this. Naturally, good relations are invaluable when dealing with individual cases and should ultimately make it possible to prevent a great many problems.

It seems clear in this regard that past efforts to focus on compliance and to strengthen the functions of investment services manager and compliance officer are now producing results.

4 – Investor protection forms part of overall efforts to ensure that individuals are better served

Projects in the area of investor protection included work to improve disclosures on collective investment schemes, create a framework for direct marketing, organise advisory services, clarify the roles played by corporate management bodies, and prepare a set of general regulations that incorporates existing rules and regulations alongside new provisions arising from European initiatives.

Individual investors are enjoying greater recognition as market participants in their own right. They are beginning to organise themselves in order to put up a united defence of their interests.

An AMF-sponsored investor education working group has been set up. The group, which includes representation for all stakeholders, will release its conclusions in the near future.

II – CROSS-MARKET CONSULTATION AND COOPERATION

A- Activities of the consultative commissions

Acting in accordance with Article L. 621-2.III of the Monetary and Financial Code, the AMF created five standing consultative commissions in February 2004. The new bodies are tasked with aiding the Authority to conduct its deliberations and to formulate policy in the light of changes in techniques, products and market structures, as well as the legal and financial environment both at home and abroad.

The commissions are made up of experts appointed for three-year terms by the AMF Board. Each commission is chaired by a Board member who coordinates its work and reports back to the Board.

The commissions draft a work schedule and meet once a month on average. Any preparatory work is carried out by the AMF divisions.

1- Disclosures and corporate finance

The consultative commission on disclosures and corporate finance activity by publicly traded companies is chaired by Bernard Esambert, a member of the AMF Board. The commission has 20 members, chosen for their expertise in law, economics or finance, and includes representatives from banks, investment firms, publicly traded companies, market operators and the prudential authorities. It met nine times in 2004.

As well as playing its part in preparing the AMF General Regulation, the commission was called on to consider questions concerning the EU directive on the prospectus to be published when securities are offered to the public or admitted to trading (the Prospectus Directive). The commission monitored efforts to transpose the directive into French law, considered proposals by the Euronext working group on regulatory changes for mid-caps, and looked at the draft reform of the laws applicable to publicly traded companies.

The commission also assessed progress in negotiations over the directive on the harmonisation of transparency requirements with regard to information about issuers whose securities are admitted to trading on a regulated market (the Transparency Directive). It reviewed CESR guidance (Level 2 under the comitology process), paying close attention to topics for inclusion in talks on the dissemination and storage of regulated information.

The commission was invited to give its opinion on transposition of the directive on insider dealing and market manipulation (the Market Abuse Directive). Specifically, the commission was asked to consider liquidity contracts and share buy-back programmes.

Furthermore, a number of accounting issues were referred to the commission. In the context of a presentation delivered in April on the transition to International Financial Reporting Standards (IFRS), the commission suggested to the Board that AMF divisions should send out individual letters alerting companies to the need to collect the information required to prepare IFRS-compliant financial statements. It also considered the draft eighth directive on audits and gave its opinion on the initial conclusions of the working group set up to investigate the

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issue of estimated financial data. At the end of the year, the members of the commission received an update on the transition to IFRS by publicly traded companies, based on documents published in respect of FY 2003/2004.

In October, the commission issued an opinion on takeover defence mechanisms in the context of transposing the Takeover Directive. It recommended the swift creation of a working group to analyse the issue and then prepare a set of questions for public consultation.

In December, the commission was asked to look at two AMF reports prior to publication. The first of these was a report on credit rating agencies for which the commission gave its opinion on content and methodology in October. The second was a report on corporate governance and internal control.

In the first half of 2005, the commission plans to address the growing sophistication of financial products and the widening knowledge gap separating the industry from the public.

It also intends to analyse the conditions governing the transition to IFRS together with the associated non-financial disclosures.

Composition:

Bernard Esambert (chair)² - Antoine Giscard d'Estaing (vice chair)

Olivier Azières (Deloitte), Claude Baj (Galeries Lafayette), Jean-François Biard (BNP-Paribas), Dominique Bompont (Sullivan & Cromwell), Françoise Bonfante (UBS Warburg), Eric Bourdais de Charbonnière (Michelin), Bernard Bourigeaud (Atos Origin), Franck Ceddaha (Oddo Corporate Finance), Jean Cedelle (Calyon), Martine Charbonnier (Euronext), Jean-Pierre Cloiseau (Lafarge), Philippe Crouzet (ACTEO), France Drummond (Paris University), Philippe Lagayette (JP Morgan), Michel Léger (Léger et Associés), André Lévy-Lang, Marie-Christine de Nayer (Société Générale), Helman le Pas de Sécheval (Groupama), Jacques Rossi (lawyer), Bruno Van Ryb (BVRP Software).

2- Protection of small investors and minority shareholders

Chaired by AMF Board member Jean-Claude Mothié, the consultative commission on the protection of small investors and minority shareholders met nine times in 2004. Composed chiefly of representatives from shareholder associations and prominent figures active in the field of investor protection, the commission considered the following issues:

- annual general meetings in France and, in particular, the exercise of voting rights by asset management companies;
- investor education. Given the importance placed on this issue by members of the commission, AMF Chairman Michel Prada created a cross-market working group to pool efforts and put together an investor education programme;
- the AMF General Regulation;
- transposition of the Market Abuse, Prospectus, Takeover and Transparency Directives;
- legal reforms in a range of areas, including direct marketing, the status of financial investment advisers, employee savings schemes and the creation of collective property-investment schemes.

Composition:

Jean-Claude Mothié (chair) - Claire Favre (vice chair)

Jacques Coutance, Vincent Dufloy (CLAS³), Agnès Gaultier de la Ferrière (FAS⁴), Marcel Jayr (member of the retail investors committee of ANSA and Euronext), Pierre-Henri Leroy (Proxinvest), Viviane Neiter (APAI⁵), Colette Neuville (ADAM⁶), François Perrin-Pelletier (FAIDER⁷), Fabrice Rémon (Démminor), Marie-Claude Robert (first COB Ombudsman), Aldo Sicurani (FFCI⁸), Marcel Tixier (ANAF⁹), and François de Witt (journalist).

² Jean-Michel Naulot took over as chair on 21 March 2005

³ Association of Crédit Lyonnais employee shareholders

⁴ Federation of employee and former employee shareholder associations

⁵ Association for the promotion of individual share ownership

⁶ Association for the defence of minority shareholders

⁷ Federation of independent associations for the defence of retirement investors

⁸ Federation of investment clubs

⁹ National shareholders association

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3- Market organisation and operation

The consultative commission on market organisation and operation, chaired by AMF Board member Bernard Field, comprises 18 members chosen for their expertise in law, economics or finance. The commission, which met 13 times in 2004, includes representatives from banks, investment firms, publicly traded companies, market operators and the prudential authorities.

It was agreed that the commission should prioritise questions concerning market rules. Thus, at its first meetings, the commission dealt with VWAP¹⁰ orders on cash markets and the rules governing procedures for block trades on the derivatives exchanges, MONEP and MATIF.

After carefully monitoring preparation of the General Regulation, the commission went on to consider transposition of Directive 2003/6/EC of 28 January 2003 and its implementing measures on insider dealing and market manipulation.

The commission also looked at the regulations for investment analysts, keeping in step with changes to international standards and European directives. The commission indicated strong support for effective efforts to harmonise the rules for individual and corporate investment analysts.

The commission was consulted on the appropriate scope and methodology for AMF's public report on rating agencies.

Furthermore, the commission began to examine the practical aspects of implementing the Markets in Financial Instruments Directive (MiFID) with respect to best execution, conduct of business rules for intermediaries, and intermediation.

Composition:

Bernard Field (chair), Jean-Pierre Pinatton (vice chair),

Jean-Pierre Aubin (Viel Tradition), Jean-François Bay (AFII¹¹), Paul Le Cannu (Paris University), Thierry Coste (CASA), Marie-Noëlle Dompé (Cabinet Darrois & Villey), Jacques Hamon (CEREG), Gérald Harlin (Axa), Alain Kayayan (investment analyst, Exane), Jean-Bernard Laumet (HSBC/CCF), Patrice Marteau (PPR), Jean-Pierre Mattout (France Télécom), Alain Moynot (BNP Paribas), Jean-Pierre Mustier (Société Générale), Yves Nachbaur (Banque de France), Patrick Stephan (Euronext), Hubert de Vauplane (BNP Paribas).

4- Individual and collective investment schemes

The consultative commission on individual and collective investment schemes, which is chaired by AMF Board member Philippe Adhémar, has met nine times since 10 March 2004, giving its opinion on the following points:

- collective investment schemes:

- introduction of new regulatory provisions on collective investment schemes with streamlined investment rules, contractual schemes, index funds and enhanced index funds,
- role and responsibilities of depositories serving collective investment schemes that use prime broker services,
- procedures for authorising collective investment schemes, including during the transitional period while the switch is made to a full prospectus,
- amendments to the COB instruction made pursuant to Regulation 89-02 on employee savings schemes,
- guidelines on defining procedures for calculating off-balance sheet commitments of collective investment schemes (maximum loss, leverage),
- amendment of Decree 89-623 of 6 September 1989;

- portfolio management companies:

- amendment of existing provisions to reflect requirements arising from Directives 2001/107/EC and 2001/108/EC,
- standard programmes of operations for portfolio management companies and procedures for informing the AMF of changes to the information contained in the authorisation application,
- new provisions enabling asset management companies to exercise voting rights on behalf of the collective investment schemes that they manage,

¹⁰ Volume-Weighted Average Price

¹¹ Association of institutional investors

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- clarifications on the content of the report by the board of directors or supervisory board of open-end investment funds (SICAVs) and management companies,
- clarifications on the system in place to prevent money laundering and terrorist financing;

- other collective investment funds:

- provisions of Decree 2004-1255 of 24 November 2004 made pursuant to Articles L. 214-5 and L. 214-43 to L. 214-49 of the Monetary and Financial Code on debt securitisation funds,
- proposed creation of collective property-investment schemes (OPCIs);

- regulatory provisions on financial investment advisers.

In addition, the members of the commission were consulted on the established legal provisions and new measures included in Book III (service providers) and Book IV (collective investment products) of the AMF General Regulation.

Composition:

Philippe Adhémar (chair), Monique Bourven (vice chair)

André Battestini (Ulysse Patrimoine), Christian Boisson (Crédit Agricole AM), Dominique Eugène (AFII¹²), Gilles Glicenstein (BNP Paribas AM), Philippe Goubeault (AGIRC), Guillaume Jalenques de Labeau (SPGC¹³), Pierre Jolain (CCF/HSBC AM), Jean-Louis Landais (Banque de France), Pierre Lasserre (Exane), Jean-Louis Laurens (Axa IM) Eric Mijot (investment analyst, SFAF¹⁴), Gérard Pfauwadel (Unigestion AM), Hélène Ploix (Pechel Industries), Roland Portait (Essec/CNAM), Bruno Prigent (Société Générale), Patrick Sellam (Cabinet Patrick Sellam).

5- Clearing, custody and settlement

The consultative commission on clearing, custody and settlement is chaired by Dominique Hoenn. It met six times in 2004 and gave its opinion on all market infrastructure-related projects requiring the involvement of AMF divisions.

At domestic level, the commission was consulted on a number of issues, including reforms to procedures for transferring ownership of securities on regulated markets¹⁵, the summary of custody account-keeping inspections conducted over the last three years¹⁶, the AMF press release on managing shareholder registers, the creation of a cross-market working group on AGM voting¹⁷ in France, and prime brokerage activities in France.

The commission was also consulted on the established legal provisions and new provisions included in Book III (service providers) and Book V (market infrastructures) of the AMF General Regulation. Furthermore, the commission was regularly consulted during the drafting process of the CPSS/IOSCO report on recommendations for central counterparties. Following on from reforms to securities ownership rights, the commission was asked to consider the Hague Convention on the law applicable to certain rights in respect of securities held with an intermediary¹⁸. The commission recommended setting up a cross-market working group to examine the economic and legal consequences of adopting this international convention.

With respect to the joint work on standards for securities clearing and settlement in the European Union conducted by CESR and the governors of the European System of Central Banks (ESCB), the commission recalled the technical consequences of the CESR/ESCB standards. The commission called on the AMF's divisions to pursue discussions within the group, while emphasising the need for a genuine debate on the strategic challenges inherent in efforts to prepare the European directive on clearing and settlement.

Composition:

Dominique Hoenn (chair), Jean de Demandolx Dedons (vice-chair)

¹² Association of institutional investors

¹³ Société Parisienne de Gestion et de Conseil

¹⁴ French society of investment analysts

¹⁵ Under the new arrangements, transfer of economic benefits will be harmonised with actual settlement of the securities by the intermediaries, while transfer of ownership will still result from book entry.

¹⁶ The commission asked whether central depositories should still have to segregate assets held on behalf of collective investment schemes. As a result, the AMF General Regulation now requires only that client assets be segregated from the proprietary assets of the custody account-keeper.

¹⁷ AMF press release of 2 February 2005

¹⁸ The Hague Convention states that the law applicable to the transfer of rights is the one named in the account agreement between the client and the intermediary.

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Philippe Bissara (ANSA¹⁹), Gérard Bourret (Ofivalmo), Philippe Castellaneli (HSBC/CCF), Xavier Chaillot (Société Générale), Emmanuel de Fournoux (AFEI²⁰), Michel Germain (Paris University), Pierre Guillemet (Euro Securities Partners), Yvon Lucas (Banque de France), Guy Mengin (Banque OBC), Joël Merere (Euroclear France), Philippe Pautet (Arllys), Patrice Renault (LCH Clearnet SA), Marcel Roncin (AFTI²¹), Bernard Vibert (Calyon).

B – Activities of the cross-market groups

As well as calling on its consultative commissions, the AMF, like the COB and CMF before it, consulted working groups of market professionals and experts on a range of key topics.

1- Takeover Directive

The directive on takeover bids was adopted by the European Council and the Parliament after fourteen years of negotiation. It was published in the Official Journal of the European Union (OJEU) on 30 April 2004 and came into force on 21 May 2004. The transposition deadline is 21 May 2006.

Although the basic principles are broadly similar to those governing French takeover legislation²², the new directive is special in that two of its key provisions – Article 9 on defence mechanisms and Article 11 on breakthrough rules – are non-compulsory, with optional arrangements being provided for in Article 12.

Under Article 12, Member States may exempt listed companies operating on their territory from enforcing two principles: that only general meetings of shareholders are empowered to authorise defence mechanisms during the offer period (Article 9) and that restrictions on the transfer of securities and voting rights, as well as multiple voting rights, should be frozen during the offer period or following the outcome of the bid (Article 11).

Accordingly, Member States must allow their companies to apply these principles voluntarily, on condition that they have been authorised to do so by an extraordinary general meeting of shareholders. That authorisation must be renewed every eighteen months.

Regardless of whether they decide to enforce the principles posited in these two articles, Member States can authorise their companies not to apply them in the event of a bid from a company (or one of its subsidiaries) that does not apply them either. This can be done by introducing a reciprocity clause into the Member State's legislation.

With a view to transposing the text into French law, the finance minister commissioned Jean-François Lepetit, former chairman of the COB and the CMF, to set up a working group²³ with a mandate to analyse the options available to Member States under the directive, as well as the ensuing consequences. The group met for the first time in December 2004.

2- Credit derivatives

Given the rapid development of credit risk transfer instruments over the recent period, banking and financial authorities have worked unstintingly in the past few years to build a better understanding of this type of instrument. Much of the work has centred on efforts to determine whether the growing use of these products has been accompanied by the transfer of credit risk to unregulated institutions and by excessive concentration of risk.

In the second half of 2003, the AMF, along with the banking and insurance supervisors (Commission Bancaire, Commission de Contrôle des Assurances), carried out a survey of credit institutions, insurance companies, reinsurance companies and asset management companies. The findings were published in June 2004²⁴. The survey revealed that the vast majority of transfers take place between major banks, especially in the case of credit derivatives. The situation is more diverse where structured products are concerned. Here, insurance companies, reinsurance companies and collective investment schemes play a far greater role, although the bulk of transactions involve highly-rated instruments. The survey also drew attention to the major new types of risk

¹⁹ National association of joint-stock companies

²⁰ Association of investment firms

²¹ Securities services association

²² See the 2003 AMF Annual Report

²³ The group comprises Jean-Louis Beffa, Chairman and CEO of Compagnie de Saint-Gobain, Gérard de la Martinière, Chairman of the French federation of insurance companies (FFSA) and Dominique Schmidt, former law professor and a member of the Paris and Strasbourg bars.

²⁴ "Results of the French market survey of credit risk transfer instruments", Financial Stability Review, No. 4, June 2004.

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associated with these instruments, including legal and documentation risk, and illiquidity risk for non-standard products. In this regard, the report stressed the need for participants to improve their assessment and management of risks related to credit risk transfer instruments. The report also called for greater financial transparency to make the market more mature, more liquid, and hence less risky.

France's market survey was conducted alongside a series of international initiatives. In Europe, the Banking Supervision Committee (BSC), the Committee of European Insurance and Occupational Pensions Supervisors (CEIOPS) and CESR worked together closely on the issue of credit risk transfer and its regulatory implications. Also, in June 2003, the Financial Stability Forum asked the Joint Forum to undertake a review of credit risk transfer activity. Published in October 2004²⁵, the report describes the risks associated with credit derivatives and examines the way institutions manage these risks. The Joint Forum did not find risk to be excessively concentrated in this respect. The Forum also issued recommendations on risk management and disclosure practices.

3- Independent investment research

The Financial Security Act formalised the place of independent investment research in France. The Act appoints the AMF²⁶ to regulate sell-side and buy-side analysts as well as independent analysts, which it defines as persons who do not fall within the first two categories and who produce and disseminate investment research.

Independent analysts are required to comply with the provisions of the Market Abuse Directive on the fair presentation of investment recommendations and the disclosure of conflicts of interest.

This broad interpretation of what constitutes an independent analyst differs from the US model, which has become more restrictive since New York State Attorney General Eliot Spitzer forced banks to sign an agreement in this area.

A research firm now qualifies as independent if it does not engage in investment banking, does not receive direct payment in the form of brokerage fees, and rules out all direct or indirect ties with the companies that it covers.

It was natural that the AMF should play a part in efforts to promote independent research. Accordingly, the chairman appointed Jean de Demandolx Dedons, a member of the AMF Board, to head a working group²⁷ on the issue. Mr de Demandolx Dedons assembled a group of experts, including representatives from the French investment analysts' society (SFAF), the investment management association (AFG), Euronext, Middlesnext, management companies, investment service providers, issuers and the main Paris-based independent research firms. As things stand, Paris has few independent analysts, making it awkward to characterise firms operating in this innovative area. Mostly, though, their growth strategies are geared towards an investor-focused approach and mid-cap coverage.

The group met for the first time on 14 December 2004. Its aims are to:

- make progress in understanding and defining what constitutes independent investment research;
- take stock of the situation in France, comparing it with other countries;
- discuss the need to create a separate professional status for independent investment research, and work with market stakeholders to establish a regulatory framework that will promote viable growth going forward.

These proposals will be put to the Board and then submitted for public consultation in the first quarter of 2005.

4- Financial valuation

Listed companies use financial valuation techniques in various situations, especially when they engage in external growth operations. With the adoption of IFRS, businesses are set to make more use of such techniques when recognising tangible and intangible assets.

²⁵ The Joint Forum (2004) : "Credit Risk Transfer", October

²⁶ Section II of Article L621-9 describes the entities and persons supervised by the AMF to ensure compliance with professional obligations, as follows:

Paragraph 1: investment service providers authorised or operating in France. These employ sell-side analysts.

Paragraph 7: collective investment schemes and their management companies. These usually employ buy-side analysts.

Paragraph 11: persons other than those mentioned in 1 and 7 who produce and disseminate investment research. These are independent analysts.

²⁷ The group is chaired by AMF Board member Jean de Demandolx Dedons. The members include Alain Cazalé (SFAF), Yasmina Galle (Euronext), Jérôme Chosson (ID Mid Caps), Philippe Dujardin (PHD Asset Management), Hubert Jousset (Gestion Financière Privée), Alain Leclair (AFG), Didier Le Menestrel (Financière de l'Echiquier), Caroline Millot (L'Oréal), François-Xavier Pietri (La Tribune), Jean-Pierre Pinatton (AFEI), Florence Triou (Compagnie de St Gobain) and Bruno Van Ryb (Middlesnext).

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The AMF has already looked at the question of financial valuation in recent years, publishing several texts on a range of procedures. Industry groups are currently holding discussions on the issue. In addition, the European Takeover Directive, which must be transposed by May 2006, will necessitate some changes to French takeover law, including in the area of financial valuation.

For this reason, AMF Board member Jean-Michel Naulot was asked to chair a working group²⁸ with representation from all sections of the industry that are active in financial valuation.

The group met for the first time on 23 November 2004 with a view to conducting an in-depth analysis of the financial valuation process. The group examined the situation abroad and considered leading international standards to help it in its deliberations.

The working group began by concentrating on independent financial valuations. Its goal in doing this was to:

- clarify the concept of an independent valuation, stipulate the types of professions authorised to conduct such assessments, and specify AMF supervision procedures;
- analyse other cases besides mandatory buyouts with a squeeze-out where independent valuations might be made compulsory;
- examine recent developments in the most common valuation techniques to determine which ones were most objective and update AMF rules and regulations accordingly.

The group submitted its conclusions on 13 April 2005, publishing 25 recommendations designed to provide minority shareholders with better information and protection during corporate finance transactions²⁹. The main recommendations are as follows:

- define the basic principles of the independent valuation process. The working group recommended augmenting the role and accountability of the target company's board. Under the new arrangements and in contrast with the current situation, the target company's board would appoint an independent assessor and would be responsible for ensuring that the valuation process was conducted properly. To guarantee independence, the assessor would not be allowed to have relations with the offeror or the banks advising it and should have no significant interest in the success of the operation. The valuation would have to be based on a full set of assessments, not merely an analysis of the work done by the bank advising the offeror;
- extend the scope for independent valuations, which is currently limited to mandatory buyouts with squeeze-outs, to encompass other procedures, including voluntary simplified takeovers and share offers, mergers and offers with associated benefits;
- step up transparency requirements with the introduction of codes of ethics, internal control procedures and mandatory quality controls carried out by fairness opinion committees. Assessors would be subject to ex post review by the AMF;
- implement different valuation methods, taking into account the new regulatory and accounting framework in Europe.

The report's recommendations were presented to the AMF Board on 31 March 2005 and then put out to public consultation in the following weeks.

5- Investor education

Financial innovation and its corollary, a wider choice in savings products but also more sophisticated techniques, create the need for financial disclosure and for training individual investors. For this reason, the AMF created a working group dedicated to investor education. Chaired by two AMF Board members, Jean Claude Mothié and Claire Favre, the group comprises some 20 members from various organisations involved in the field of investor education³⁰.

²⁸ The group is chaired by AMF Board member Jean-Michel Naulot. The members include Jean-François Biard (BNP Paribas), Franck Ceddaha (Oddo Corporate Finance), Jean-Pierre Colle (RSM Salustro Reydel), François Kayat (CSFB), Ross Mc Innes / Sylvie Lucot (Thales), Alain Marcheteau (SNECMA), Jean-Louis Mullenbach (Bellot Mullenbach & Associés), Colette Neuville (Adam), Maurice Nussenbaum (Sorgem Evaluation, Paris University), Fabrice Rémon (Démminor), Jean-Florent Rérolle (SFEV), Thierry Vassogne (Linklaters), and Jean-Noël Vieille (SFAF, Aurel Leven Gestion).

²⁹ Report of 13 April entitled "Strengthening the independent valuation process in connection with takeover bids and mergers of listed companies", published in Issue 13 of the Monthly Review (April 2005).

³⁰ The Assembly of French chambers of commerce and industry (ACFCI), the French association of investment firms (AFEI), the French asset management association (AFG), the Association for the promotion of individual share ownership (APAI), the Autorité des Marchés Financiers (AMF), the Banque de France, the retail investors committee, Euronext – L'Ecole de la Bourse, the Federation of independent associations for the defence of retirement investors (FAIDER), the French federation of employee and former employee shareholder associations (FAS), the French banking federation (FBF), the French federation of investment clubs (FFCI), the French federation of insurance companies (FFSA), the French society of investor relations managers (CLIFF), the national institute of consumers (INC), Jean Pierre Gaillard (journalist), the Ministry for the Economy, Finance and Industry, the Education Ministry, the Labour Ministry, Paris Europlace, and the French investment analysts' society (SFAF).

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Created in June 2004, the group started by trying to get a clearer picture of the disclosure needs of French investors. To do this, it drew on an AMF-sponsored poll carried out by TNS Sofres. The findings of the poll³¹ revealed that the French are largely unfamiliar with financial issues. For example, three-quarters of people polled thought that they did not know enough about finance to read the business press. More than half of the respondents felt that they did not know enough to choose a financial product or even to talk about investments with their friends. The poll also showed that French people do not really compare products offered by different financial intermediaries. Just one in three French investors takes advantage of competition between domestic institutions when buying a life insurance policy or a retirement savings product. In addition, the French appear to support the idea of promoting financial education, with 82% of respondents saying that schools should provide this kind of training.

The group conducted a review of the training opportunities currently on offer and found that investor education courses are fairly widely available in France. However, only a small percentage of people who are already keen to learn take advantage of these opportunities. More efforts are needed if a larger section of the population is to be reached. Based on its findings and deliberations, the working group plans to issue a series of practical proposals on training and information programmes in the course of 2005.

C – Scientific advisory board

Following in the COB's footsteps, the AMF has created a scientific advisory board. Comprising 21 eminent figures from academia and finance, the board includes representatives from France's universities, business schools, and public and private research centres. The board also boasts several world-renowned foreign researchers, who give it a broad international perspective.

The scientific advisory board has a three-fold remit:

- to provide the AMF with more comprehensive information about ongoing academic research in the financial field;
- to identify developments that might have an impact on the AMF's areas of activity;
- to initiate or take part in research into issues of concern to the AMF.

Composition:

Michel Aglietta (Paris University), Michel Albouy (Grenoble University PMF-ESA), Noël Amenc (EDHEC business school), Patrick Artus (IXIS-CIB), Christian de Boissieu (Paris University), François Champarnaud (French government shareholding agency – APE), Jean-Michel Charpin (French national statistics institute – INSEE), Olivier Davanne (partner, DPA Conseil), Thierry Foucault (HEC business school), Olivier Garnier (Société Générale Asset Management), Edith Ginglinger (Paris University), Christian Gourieroux (Paris University and the school for statistics and economic management – ENSAE), Ruben Lee (Oxford Finance Group), Jean-François Lepetit (director, BNP Paribas), François-Serge Lhabitant (Union Bancaire Privée), Albert Menkveld (Vrije Universiteit Amsterdam), André Orléan (CNRS), Olivier Pastré (Paris University, GP Banque), Benn Steil (Council on Foreign Relations), Marc-Olivier Strauss-Kahn (Banque de France), Xavier Vives (INSEAD business school).

The board meets three times a year. The first two meetings were held in September and December 2004. The inaugural meeting in September provided the opportunity to prepare a work programme for 2005. Mainly, the programme is centred on issues relating to retirement savings, long-run trends in financial asset prices, the role of institutional investors in corporate governance, and accounting and financial disclosures. Also, at the first meeting Noël Amenc presented his work on measuring performance and risk in discretionary asset management, with a special focus on hedge funds.

Patrick Artus and Jérôme Teiletche began the December meeting by presenting their research into how the actions of credit rating agencies (CRAs) affect asset markets. Conducted at the request of the AMF, which is tasked with publishing a report on CRAs every year, their paper highlighted the role that decisions by these agencies – to change a rating, say, or place a company on watch – play in setting equity prices on the French market. This is pioneering work, since almost all the academic studies to date have concentrated on North American securities markets. The meeting closed with a presentation by Ruben Lee on the governance of market infrastructures.

III – EDUCATING INVESTORS AND INFORMING THE PUBLIC

The AMF works to protect investor interests through its role as an educator. To this end, it has made a range of resources available to investors, including its website, educational factsheets and guides, a set of FAQs, and a monthly review. The AMF also takes part in numerous forums, trade fairs, symposiums and other public events at home and abroad³².

³¹ See the AMF's website for the results of the poll: <http://www.-amf-france.org>

³² The AMF attended 133 such events in 2004.

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The AMF holds annual meetings with market practitioners – examples include the *Entretiens de l'AMF* seminars and special one-day events for investment service supervisors – and organises conferences to keep the press and the industry abreast of regulatory developments and changes in financial rules and regulations. The AMF documentation centre and legal department also offer telephone helplines to field questions from investors and professionals.

Furthermore, the AMF runs a decentralised nationwide network through the Banque de France's system of branches, where people can go for information and literature about the Authority and its tasks.

A – Website

The AMF has posted the following on its website as part of its efforts to protect investor interests:

- some 20 or so guides explaining how financial markets work, describing different products and setting out the golden rules for managing investments wisely (Home > Publications);
- a database containing all disclosure documents distributed under AMF supervision (Home > Decisions & disclosures);
- a list of AMF-approved collective investment schemes, together with their prospectuses and net asset values (Home > Collective investment schemes).

The AMF website performs two main functions:

- it makes information more accessible to Internet users and especially to investors, a priority group for the AMF, and;
- it makes browsing more pleasant and intuitive.

Access by user profile

The homepage gives investors direct, easy access to the information they need, from handy tips and warnings to special guides and information about mediation services. Users can also visit the investor area, which contains a wealth of useful information.

The homepage also offers access to separate areas with information for a range of market professionals, including issuers, service providers, investment service supervisors and compliance officers.

Sections of the website

The core sections are always online and can be accessed from anywhere on the main site. They include Who We Are, Ombudsman, Texts, News Releases, Publications, Decisions & Disclosures, Collective Investment Schemes, Sanctions, and International.

The Investment Service Providers section contains descriptions of the main categories of provider – investment service providers, custody account-keepers, participants in payment and settlement systems – and offers access to the lists of approved asset management companies, other approved investment service providers and participants in settlement systems.

Two new sections were added in Summer 2004:

Consultations, which publishes consultations (sorted by subject) together with summaries of responses to consultations organised by the AMF and previously by the COB.

FIAs and Sales Agents, which provides a description of these new categories and from April 2005 will offer access to the registry of cold callers.

Mailing lists

Users can sign up for mailing lists that will keep them informed of the latest online news.

The website also offers services in English.

<http://www.amf-france.org>

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B – Public documentation and information centre

Anyone wishing to do research into the AMF’s areas of activity or into companies listed on French regulated markets can use the public documentation and information centre.

1 - Remit of the documentation centre

Aside from serving the AMF itself, the documentation centre deals with requests for information received by phone, email or letter. People can also make an appointment to visit the centre to look for information that is not available on the AMF website, such as old regulations, COB and CMF archives, and approved prospectuses that have not been posted online.

After the website was expanded and upgraded, in October 2004 the AMF reorganised access to the documentation centre, placing the emphasis on delivering efficient, high-quality phone and email response services. Where necessary, the documentation centre refers people to the AMF’s operational divisions and to the legal affairs and mediation help desks.

2- Archives

To help them field questions from members of the public, the AMF’s archivists can access WICDIP, an electronic database with more than 40,000 entries that is updated weekly. Also available are 1,100 topic-based and historical reference files held in a base that was expanded through to 2001. Additionally, the archivists can refer to some 5,000 specialised publications on market mechanisms, financial markets, market and company law, international financial regulations, collective investment, new finance products, plus 340 periodicals and CD-ROMs with information on market, finance, legal and economic issues.

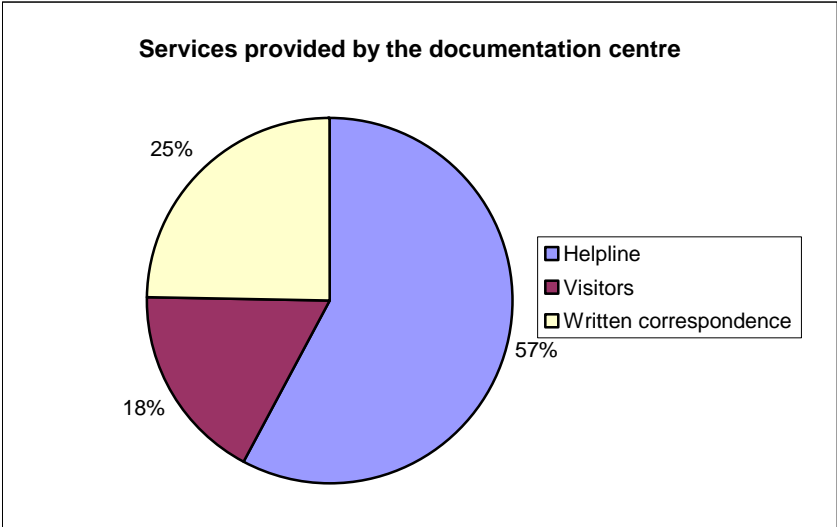
3 - Services

The documentation centre answers queries by providing contact information for organisations and companies or giving out website addresses. If necessary, the centre refers the caller to other specialised documentation centres. Copies of information memorandums, opinions, net asset values, stock prices and educational brochures can also be sent on request by email, fax or post.

Internet users who find it difficult to find information can turn to the centre, which provides a guide to using the AMF website and, if necessary, other websites, including those of Euronext and Banque de France.

The centre also provides bibliographies, i.e. article and book references, on finance-related topics to help students and professionals in their research and in their work.

In 2004, the documentation centre had 1,164 visitors. Many came to read prospectuses and information memorandums that were approved between 1968 and 1999 and are not available in full on the AMF website. These documents are stored either on microfiche or in electronic format. Many visitors were also interested in archived CMF and COB regulations and publications.



Source: AMF

The documentation centre answered 3,831 phone calls asking for assistance. Phone requests for information or documentation increased by 2% in 2004. Numbers have been broadly stable since 2002.

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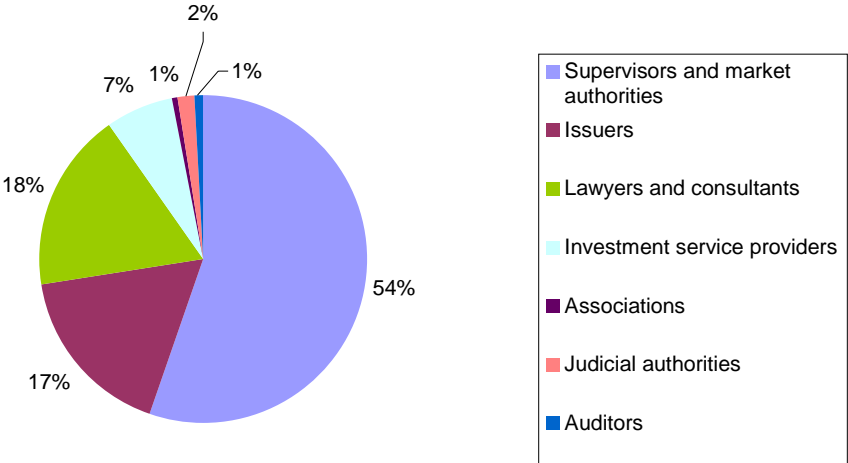
Written queries rose by some 29% in 2004 to 1,629 emails and 28 letters. As the popularity of email grows, the number of requests sent by post has tapered off sharply. These helpline and email services mean that people can contact the centre whenever they want, wherever they are.

C- Fielding questions from professionals

Working alongside the mediation division and the documentation centre, the legal affairs division answers questions from market professionals. It also operates a telephone helpline.

In 2004, the division answered 1,945 requests for information. In addition, the helpline responded to 1,326 calls from market professionals.

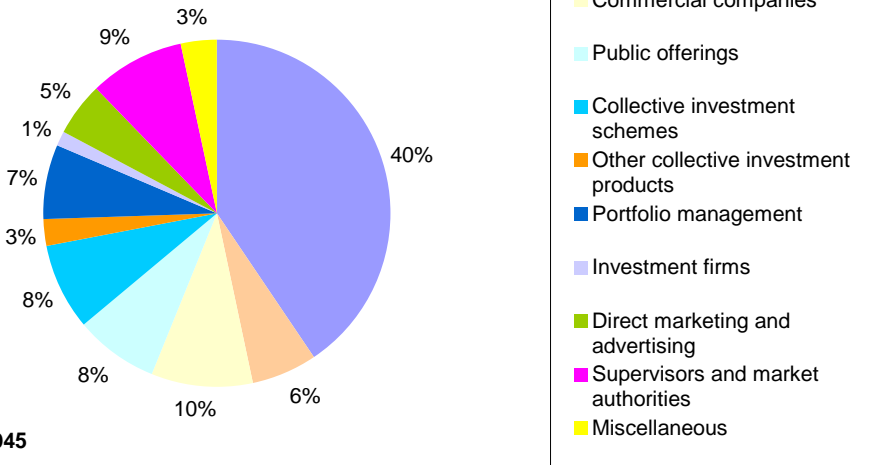
Requests for information in 2004, by source



Total: 1,945

Source: AMF

Requests for information in 2004, by subject area



Total: 1,945

Source: AMF

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D – Cooperation with the Banque de France

The AMF and the Banque de France work closely together, notably through cross-representation. A representative of the governor of the Banque de France sits on the AMF Board. By the same token, the AMF Chairman is a member of the committee on investment firms and credit institutions (Comité des Entreprises d'Investissement et des Établissements de Crédit, CECEI). AMF divisions have a long-standing history of cooperation with their Banque de France counterparts in the areas of banking disclosure, and have traditionally worked closely with the staff of the Commission Bancaire. The two institutions share reports, exchange views and provide each other with specialised personnel on secondment.

Regional cooperation is equally important. Under an agreement signed in 1991, the regional directors of the Banque de France are also the regional representatives of the AMF (after previously representing the COB). This arrangement allows the AMF to gather local information on the marketing of financial products, direct marketing and advisory services. Several Banque de France regional offices also operate public documentation centres, supplying members of the public with reference material, including AMF publications and, in many cases, information on listed companies.

Regional offices	
AMIENS	+ 33 (0)3 2282 2800
CHÂLON-SUR-MARNE	+ 33 (0)3 2666 7100
DIJON	+ 33 (0)3 8040 4141
LILLE	+ 33 (0)3 2040 4747
LIMOGES	+ 33 (0)5 5511 5300
LYONS	+ 33 (0)4 7241 2525
MARSEILLES	+ 33 (0)4 9104 1010
METZ	+ 33 (0)3 8739 9400
NANTES	+ 33 (0)2 4012 5353
ORLÉANS	+ 33 (0)2 3877 7878
RENNES	+ 33 (0)2 9925 1212
TOULOUSE	+ 33 (0)5 6161 3535

As part of reforms to the direct marketing industry, the insurance companies committee (Comité des Entreprises d'Assurances, CEA), the CECEI and the AMF created a central register of direct marketers, which is managed by the Banque de France.