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## **Air France-KLM and Mr A fined by the Enforcement Committee of the Autorité des Marchés Financiers**

**Following a decision on 3 March 2015, the AMF's Enforcement Committee has imposed a fine of 1 million euros against Air France-KLM and 40,000 euros against Mr A, its CEO at the time of the facts. Called into question is the group's financial communication regarding its outlook and results for the year 2010-2011.**

The Enforcement Committee firstly considered the procedural arguments raised by Air France-KLM to be unfounded after the company claimed that there was a breach of the principle of the right to be heard during the enquiry phase, and a breach of the rights of the defence.

As regards the substance of the matter, the AMF's Enforcement Committee found that Air-France KLM and its CEO, Mr A, had failed in their public disclosure obligations:

- In their news release of 19 May 2010, insofar as it failed to communicate accurate, precise and fair information on the company's outlook for 2010-2011 (Art. 223-1 of the AMF General Regulation). More specifically, the Enforcement Committee considered the written communiqué to be vague since it did not clarify whether the final cost of closing the air space following the eruption of an Icelandic volcano in April 2010 had been taken into account in the outlook provided. It did, however, dismiss the aspect of the claim regarding its failure to mention the amount of fuel hedges prior to 2009;

- By not communicating inside information to the public "as soon as possible" showing that the operating result target of over 300 million euros for the financial year 2010-2011, announced on 17 November 2010, would not be achieved. This information had, in fact, been communicated on 9 February 2011 while it had been known internally by 19 January 2011 at the latest (Article 223-2 of the AMF General Regulation);
- By not providing any information, in its 2010-2011 consolidated accounts published on 19 May 2011, on changes in accounting estimate for issued but unused tickets (which resulted in an increase in turnover of 107 million euros and generated 87.7% of the current operating income) and on a sum of 110 million euros for non-current expenses. Subsequently, Air France-KLM and Mr A did not provide the public with accurate, precise and fair information in accordance with Article 223-1 of the AMF General Regulation. However, the Committee dismissed the aspect of the claim regarding the inaccurate, imprecise and unfair nature of the information provided in the table relating to segment information.

Finally, the Enforcement Committee found that there was no breach of equal access to information between analysts and investors insofar as the news release of 19 May 2010 contained all the information required to follow the presentation of results to analysts, either live or at a later date. It therefore held that the regulatory breach of Article 223-10-1 of the AMF General Regulation had not occurred.

Having indicated that the regulatory breaches of the obligation to provide the market with accurate, precise and fair information, and the obligation to communicate inside information "as soon as possible" are by their very nature liable to impinge on the protection of investors and resulted in masking Air France-KLM's actual situation, the AMF's Enforcement Committee imposed a fine of 1 million euros against Air France-KLM and 40,000 euros against its CEO at the time of the facts, Mr A. This decision may be subject to an appeal at the Paris Court of Appeal.

#### *About the AMF:*

*The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected, providing investors with adequate information and supervising the orderly operation of markets. Visit our website [www.amf-france.org](http://www.amf-france.org).*

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