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## The AMF reports progress on its work following the dissemination of false information concerning Vinci shares

**The dissemination of a bogus Vinci press release and its impact on the share price on 22 November 2016 prompted the AMF to work with all relevant parties to consider how such incidents might be prevented, or at the very least how their market consequences might be limited.**

On 22 November 2016, as a result of the dissemination of a bogus press release relayed by news agencies, Vinci shares fell by more than 18% in trading before quickly regaining ground, though they still closed down more than 4% on the day.

In addition to its current investigations to determine the full extent of responsibility for this incident, the AMF quickly initiated discussions focusing, in particular, on the following areas:

- the various mechanisms used by issuers to disseminate information (primary information providers authorised by the AMF, the press, other channels, etc.) and certain arrangements put in place in other countries to study the tightening of best practice by issuers;
- checks carried out on information disseminated and, in particular, those carried out by Euronext and by the various media (information providers, etc.); and
- the calibration of 'safety mechanisms' designed to automatically halt trading in a share if its price varies excessively.

On this occasion the AMF held discussions with a number of stakeholders: news agencies, SBF 120 companies and their representatives (CLIFF, the French association of financial communication professionals), information providers authorised by the AMF, the market operator Euronext and a number of European regulators.

The AMF also initiated discussions with each of the primary information providers authorised by it, to assess the robustness of their safety systems and, where it deemed necessary, to ask them to put in place action plans.

## Tighten best practice

For listed companies

First and foremost, the AMF is keen to remind listed companies that the provisions on effective and full dissemination, as laid down in the Transparency Directive and its implementing regulations, specify that "Regulated information shall be communicated to the media in a manner which ensures the security of the communication, minimises the risk of data corruption and unauthorised access, and provides certainty as to the source of the regulated information". Furthermore, the text of the European regulation on market abuse specifies that "inside information is communicated, directly or through a third party, to the media which are reasonably relied upon by the public to ensure its effective dissemination. That communication shall be transmitted using electronic means that ensure that the completeness, integrity and confidentiality of the information is maintained during the transmission [...]".

The AMF also recommends that issuers tighten up their best practice, as some have already done. In particular, they should:

- raise awareness internally, among staff involved in managing the dissemination of regulated information, of a potential reoccurrence;
- simultaneously send all press releases issued to news agencies to primary information providers;
- communicate as far as possible outside trading hours, though without ruling out any communication during trading hours that might be essential in light of the Market Abuse Regulation;
- put in place reliable procedures that ensure secure transmission and access, notably via an information provider (subject to strict management of the access codes used to send

press releases to that information provider), and tighten security for electronic transmissions for those issuers who wish to retain an additional communication channel for certain players (analysts, investors, the media, journalists, etc.);

- put in place monitoring arrangements to identify domain names similar to that of the issuer, detect bogus websites, prevent their websites from being duplicated, etc.;
- draw up and maintain an up-to-date emergency procedure allowing for a rapid response (individuals involved, decision process, 'standard' denial press release, familiarity with contacts at the AMF and Euronext, etc.);
  - keep abreast of new methods of hacking, identity theft, etc., and adapt their arrangements accordingly.

## For news agencies and journalists

The AMF also encourages news agencies to supplement their operating procedures by:

- keeping abreast of all new possible methods of identity theft and hacking and adapting their organisational structures accordingly;
- checking the domain name and syntax of the e-mail address from which the information is sent;
- checking for certification of the issuer's e-mail, where such a procedure has been put in place by the issuer;
- checking the information with information providers authorised by the AMF.

To this end, and with a view to helping journalists verify their information, the AMF intends to publish on its website a list of the primary information providers used by each listed issuer on Euronext, spanning most of the issuers using such providers.

## Work to strengthen safety mechanisms

The AMF has also asked Euronext whether changes to its safety mechanisms could, in the future, help limit the impact on the French market of an event of this type.

The AMF has proposed that discussions be held on the following areas of analysis:

#### > The level of static thresholds used in circuit breakers

For constituent equities in the CAC 40, the circuit breaker static threshold is currently set by Euronext at 10%. This mechanism, which worked as expected when the Vinci incident occurred, triggers a reservation (i.e. halts trading) whenever a price breaches its authorised corridor. Its purpose is to limit share price variations during continuous trading hours. During the trading session on 22 November, Vinci shares were subject to three reservations: twice when the share price fell and once when it rose after the issuer released its denial. The level of the static threshold is thus an essential parameter for limiting disorderly share price variations.

The AMF has asked Euronext to review the level of the static threshold for the CAC 40 stocks, so that trading is suspended more quickly in the event of significant price variations.

#### > Resumption procedure

Once a circuit breaker has been triggered, it is up to the market operator to decide when trading may resume.

The AMF has asked Euronext to tighten controls regarding the decision to ensure the orderly resumption of trading, in particular by stipulating a sufficient minimum reservation period for French shares to allow stakeholders to assess the situation.

At the end of 2016, the AMF shared its thoughts with Euronext Paris, which was already studying ways to tighten its safety mechanisms. The market operator is currently working with the College of Euronext Regulators to review possible changes.

### **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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