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The AMF Enforcement Committee clears the majority shareholder of a listed company, under investigation for price manipulation

In its decision of 26 February 2021, the Enforcement Committee cleared a company, which was a majority shareholder of a company listed on Euronext Paris at the time of the events, and which was accused of having placed orders that were likely to give false or misleading information about the supply, demand or price of the security concerned, and of having fixed the price at an abnormal or artificial level.

The implicated company is the majority shareholder of a company that was listed in Compartment C of the Euronext Paris [market through call auction procedures](#) until its removal in April 2019.

During three trading sessions, between the end of December 2015 and the beginning of January 2016, the implicated company placed a large volume of aggressive orders that led to an increase in the price of the security.

The Enforcement Committee first noted that the orders placed by the implicated company, which had a significant long position on the instrument in question, had led to a large variation in the price of the security and represented a considerable portion of the daily transaction volume.

Next, the Committee considered that although the massive nature of the orders had unbalanced the order book of this particularly illiquid security, the aggressive or even very aggressive nature of the orders had on the contrary the effect of absorbing the available liquidity and generating additional liquidity compared with the trading volumes usually observed, which led to the effective execution of transactions during the fixing. It considered that these operations reflected a genuine long interest position on the part of the implicated company, which was consistent with its asset management and capital reinforcement strategy. The Committee therefore concluded that the disputed operations had not given false or misleading information about demand for the security in question.

The Committee also found that the second breach of manipulation by fixing the share price at an abnormal or artificial level notified to the shareholder, which was based on the same disputed operations, was not established either since these operations were based on a genuine long interest position on the part of the implicated company, and did not have the aim of fixing the price at a given level.

An appeal may be lodged against this decision.

About the Enforcement Committee

The Enforcement Committee, which is made up of judges and professionals, has total freedom to make decisions. It can impose sanctions on any person or company whose practices contravene laws and regulations that fall within the jurisdiction of the AMF. It ratifies settlement agreements signed by the Secretary General and respondents. And it takes part in the AMF's educational efforts by clarifying financial regulations when explaining its decisions.

PRESS CONTACT _____

— AMF Communications
Directorate

+33 (0)1 53 45 60 28

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Legal information:

Head of publications: The Executive Director of AMF Communication Directorate. Contact: Communication Directorate – Autorité des marchés financiers 17 place de la Bourse – 75082 Paris cedex 02