

Paris, 2 May 2011

The Autorité des marchés financiers calls for the greatest vigilance regarding non-financial products¹ offered to the public

After the stock market crises of the dot-com bubble in 2000 and subprime mortgages in 2007, retail investors have become more wary of financial investments and are increasingly tempted to place their savings in other types of investments, notably due to the current low level of interest rates.

Over the last few years, the AMF has noted growth in offers from market players proposing investments, sometimes with highly attractive yields, in sectors as varied as works of art, solar panels, stamps, letters and manuscripts or other niche sectors.

The AMF would like to remind investors that these sectors are not all subject to any specific regulations other than the Consumer Code and the Civil Code.

Whenever an adviser or intermediary offers an investment in a product other than financial products, ask them or the AMF whether the product in question has an information document approved by the AMF, which is mandatory in certain cases.¹ If there is no such information document, the product they are offering is not regulated by the AMF. In such cases, your adviser or intermediary is not bound by the following rules:

- proper disclosure to allow investors to understand the nature of the product, the risks it entails and the total amount of fees they will be charged. Neither the contract nor the commercial documents drawn up by the company will be checked by a regulator;
- claims handling. You will not be entitled to the benefit of mediation by the AMF, as would be the case with a financial investment. The only possible recourse will be civil court proceedings or criminal proceedings in cases of fraud.

¹ In addition to its remit of protecting savings invested in financial instruments and other investments offered to the public, the AMF also regulates “intermediaries in miscellaneous assets” (cf. Article L 550-1 of the Monetary and Financial Code), meaning “any person who, (...) on a usual basis invites third parties to subscribe to life annuities or to acquire rights to movable or immovable assets when the purchasers do not perform the management thereof themselves or when the contract offers a buy-back or exchange option with revaluation of the capital invested; any person who collects funds for this purpose; any person responsible for the management of such assets”. By the terms of Article L. 550-3 of the Monetary and Financial Code, intermediaries in miscellaneous assets are required to draw up a “document to provide all information that might be useful to the public about the proposed operation, the person taking the initiative of the operation and the manager”. The draft information documents and draft contract templates are checked by the AMF.

The AMF therefore recommends that retail investors apply vigilance rules before making any investments. These rules are valid for financial products and all the more so for any products that do not fall within the scope of regulation:

- Whatever the sales pitch, never forget that there is no such thing as high yield without high risk. As a general rule, any product claiming to offer yields exceeding money market rates (investors may use the rate of the *Livret A* as a reference) entails a significant risk;
- The information provided by your intermediary must be clear and easily understandable. The saying “Only invest in what you understand” will save you many disappointments;
- Make sure you get at least some basic information about the companies or intermediaries offering the product (corporate identity, home country, civil liability, organisation rules, etc.);
- Unlike regulated markets on which there are very strict rules on valuation (market price, valuation by independent experts, etc.), non-financial products are not subject to any valuation rules whatsoever. Ask yourself how and by whom the valuation (purchase or sale price) of the product on offer was performed;
- Finally, as non-financial products are not listed on a regulated market, the risk of there being no liquidity on resale of the product can be very high. It is essential that investors obtain precise information on the rules and mechanisms for resale of the product.

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If you have any questions or queries, go to our website <http://www.amf-france.org> or contact the AMF Investor Information Team on 01 53 45 62 00*, Mondays to Fridays 9am to 5pm.

* cost of a local call from a landline