

## Facts & figures 2012



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## Editorial by Gérard Rameix

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When I took up my position in August 2012, I found an Authority that was dynamic and that had taken action in the midst of the crisis to protect retail investors, improve the marketing of financial products, and increase both its supervisory powers and its involvement in domestic and international efforts to restore the financial system.

One of the consequences of the financial crisis is that it significantly strengthened international consultation and coordination on financial regulation. We are now seeing the first fruits of decisions made at various G20 summits held since November 2008. New operators and activities are gradually being brought under the supervisory purview of market regulators: rating agencies, commodity derivatives, short selling, *hedge funds*, the need for over-the-counter derivatives to be centrally cleared, shadow banking, etc.

However, the economy's future ability to recover could be hindered by a disaffection for market financing, just at a time when the economy is going to have a real need for it. We therefore need to reverse this trend and endeavour to redirect retail investment to meet the economy's need for long-term financing. While this issue goes beyond the AMF's jurisdiction alone, it has two consequences for the Authority: the AMF must remain attentive to the health of the Paris financial community and support financial innovation in a way that protects the rights of retail investors.

At the domestic level, the crisis has also made its mark on the reform timetable. The AMF is increasingly involved in issues concerning financial stability. As such, we have worked alongside the ACP on banking reform legislation designed to limit proprietary trading by banks.

The AMF is aware of the risk associated with low interest rates and the search for high yields by retail investors. As such, the Authority is campaigning for reform of the rules applicable to miscellaneous assets in order to better govern certain unusual investment products (wines, manuscripts, works of art, etc.), which maintain confusion with financial products. The AMF has also initiated work on new forms of financing such as "participative finance", the legal framework for which appears to be restrictive for platforms while failing to provide comprehensive protection for retail investors.

Finally, I am very pleased that the proposed consumer legislation introducing class actions also applies to the marketing of financial products. This is a flagship measure in repairing the damage suffered by retail investors and restoring their confidence.

Through successive financial crises, I have become profoundly convinced that regulators must help restore meaning to finance. This means ensuring that the financial markets get back to serving the real economy. The AMF's role is therefore not merely a purely technical one; the Authority must be a source of new ideas and take action to adjust regulation according to risk.

**GÉRARD RAMEIX,**  
Chairman of the AMF

# The AMF in profile

The AMF regulates the French financial market, its participants and the products that are sold on it. As an independent public authority, it has regulatory powers and extensive financial and administrative autonomy. It has a Board and an Enforcement Committee and draws on the expertise of more than 400 staff to fulfil its duties.

## THE AMF'S DUTIES: TO REGULATE, INFORM AND PROTECT

### The AMF is responsible for:

- safeguarding investments in financial products;
- ensuring that investors are properly informed;
- maintaining orderly financial markets.

The AMF cooperates with the other authorities responsible for overseeing financial and banking activities, including the Banque de France, the Autorité de contrôle prudentiel (ACP) and the Commission de régulation de l'énergie (CRE). It also lends its support to worldwide and European regulation by participating in international bodies and cooperating with regulators in other countries.

## THE AMF'S POWERS: REGULATION, AUTHORISATION, INSPECTION, SUPERVISION, INVESTIGATION AND ENFORCEMENT

### The AMF is empowered to:

- make rules (General Regulation, Instructions, Recommendations, etc.);
- issue authorisations (approvals and authorisations);
- supervise and monitor markets and market participants and conduct investigations and inspections;
- punish regulatory infringements;
- at the request of the parties, mediate between retail investors and investment services providers (ISPs) or listed companies to settle disputes.

## THE AMF'S JURISDICTION: MARKETS AND MARKET PARTICIPANTS, CORPORATE FINANCE TRANSACTIONS AND FINANCIAL PRODUCTS

### The AMF has jurisdiction over:

- financial markets and market infrastructures;
- fundraising and disclosures by listed companies;
- professionals authorised to provide investment services or financial investment advice and direct marketers;
- collective investment schemes invested in financial instruments and all other investments offered to the public.

## 2012 key data

### OPERATING INCOME

**82.28**  
millions euros

### OPERATING EXPENSES

**82.91**  
millions euros

### AVERAGE WORKFORCE FOR THE YEAR

**447**  
employees

Source: AMF

# The AMF Board

The AMF Board has 16 members. The Board is the AMF's decision-making body. Its powers include adopting new regulations, make individual decisions (on the compliance of tender offers, the authorisation of asset management companies and collective investment schemes, approvals, etc.), and scrutinise inspection and investigation reports. As an enforcing body, it can decide to instigate sanction or injunction proceedings. It can also propose the use of the settlement process (reserved for professional breaches) and approve any resulting agreements. It signs off the AMF's budget and approves its financial accounts.



**Gérard Rameix**  
Chairman, appointed by presidential decree.



**Jacques Delmas-Marsalet**  
Councillor of the Conseil d'État, appointed by the vice president of the Conseil d'État.

1



**Martine Ract-Madoux**  
Court of Cassation trial judge, appointed by the chief justice of the Court of Cassation.

2

**Philippe Adhémar**  
Conseiller maître of the Cour des comptes, appointed by the auditor general of the Cour des comptes.

3



**Robert Ophèle**  
Representative of the Banque de France, appointed by the governor of the Banque de France.

1



**Jérôme Haas**  
Chairman of the Autorité des normes comptables.

3



**Monique Cohen**  
Appointed by the president of the Senate.

3



**Jean-Michel Naulot**  
Appointed by the president of the National Assembly.

2



**Christian de Boissieu**  
Appointed by the chairman of the Conseil économique et social.

2

**Marie-Ange Debon**  
Members appointed by the finance minister.

3



**Jean-Luc Enguéhard**  
Members appointed by the finance minister.

1



**Jean-Pierre Hellebuyck**  
Members appointed by the finance minister.

2



**Sophie Langlois**  
Members appointed by the finance minister.

1

**Olivier Poupart-Lafarge**  
Members appointed by the finance minister.

1



**Christian Schricke**  
Members appointed by the finance minister.

3



**Sylvie Lucot**  
Members appointed by the finance minister.

2

- 1 Specialised Commission no. 1
- 2 Specialised Commission no. 2
- 3 Specialised Commission no. 3

These three Specialised Commissions are authorized by the Board to examine inspection and investigation reports, and may decide to initiate sanction proceedings where applicable. They are also authorised to approve agreements entered into as part of a settlement.



**Ramon Fernandez**  
Director General of the Treasury and Economic Policy.

The government commissioner sits on all AMF commissions, including the full Board, the Enforcement Committee and the Specialised Commissions. The Commissioner attends in an advisory capacity but may request a second deliberation.

# The Enforcement Committee

The Enforcement Committee has 12 members, none of whom sit on the Board. It has the power to impose penalties and sanctions on any legal entity or natural person infringing laws and regulations on public offerings of securities and financial markets or acting in a manner that impairs investor protection or interferes with the orderly operation of the market. It makes decisions pursuant to the statement of objections submitted to it by the AMF's Board. It ratifies settlement agreements (reserved for professional breaches) submitted to it by the Board. It has total freedom of decision-making in carrying out its duties.



**Claude Nocquet**  
Chair of the Enforcement Committee.  
Chair of the First Division.  
Court of Cassation trial judge, appointed by the chief justice of the Court of Cassation. **1**



**Jean-Claude Hassan**  
Chairman of the Second Division.  
Councillor of the Conseil d'État, appointed by the vice president of the Conseil d'État. **2**



**Michel Pinault**  
Councillor of the Conseil d'État, appointed by the vice president of the Conseil d'État. **1**



**Marie-Hélène Tric**  
Court of Cassation trial judge, appointed by the chief justice of the Court of Cassation. **3**



**Jean-Claude Hanus**  
Members appointed by the finance minister. **2**



**Bernard Field**  
Members appointed by the finance minister. **2**



**Ramon Fernandez**  
Director General of the Treasury, and Economic Policy.



**Guillaume Jalenques de Labeau**  
Members appointed by the finance minister. **2**



**Pierre Lasserre**  
Members appointed by the finance minister. **2**



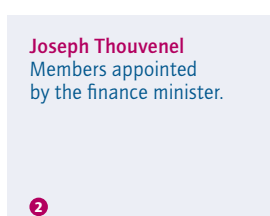
Sits on all AMF commissions, including the full Board, the Enforcement Committee and the Specialised Commissions. Attends in an advisory capacity but may request a second deliberation.



**France Drummond**  
Members appointed by the finance minister. **1**



**Bruno Gizard**  
Members appointed by the finance minister. **1**



**Joseph Thouvenel**  
Members appointed by the finance minister. **2**



**Jean-Jacques Surzur**  
Members appointed by the finance minister. **1**



**1** Section 1  
**2** Section 2

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# Consultative Commissions and Scientific Advisory Board

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The AMF has set up five Consultative Commissions to foster dialogue and consultation. Furthermore, it organises financial market consultations via working groups. It can also draw on input from members of its Scientific Advisory Board to help with its work.

## THE FIVE CONSULTATIVE COMMISSIONS

Under the terms of the Monetary and Financial Code, the AMF's Board may decide to form Consultative Commissions. It has thus formed five permanent Consultative Commissions. Consisting of experts appointed by the AMF Board for a three-year term, the commissions are chaired by Board members who coordinate their work and report back to the Board.

Each commission addresses a specific topic:

- retail investors, chaired by Jacques Delmas-Marsalet;
- markets and exchanges, chaired by Jean-Michel Naulot;
- clearing, custody and securities settlement, chaired by Jérôme Haas;
- individual and collective asset management, chaired by Jean-Pierre Hellebuyck;
- disclosures and corporate finance, chaired by Olivier Poupert-Lafarge

The main purpose of the Consultative Commissions is to clarify any Board decisions that are liable to affect professionals working in the areas in question or that relate to the protection of retail investors' interests. They may be asked to provide an opinion on applications and procedures in progress. They are not involved in any individual decisions made by the Board. They thus assist the AMF in its deliberations and help it formulate its positions in the light of changes in techniques, products and market structures, as well as the evolving legal and financial environment, both domestic and international.

## SCIENTIFIC ADVISORY BOARD

The AMF has set up a Scientific Advisory Board composed of prominent personalities from the academic and financial worlds. Its members include several world-renowned foreign researchers, giving it a broad international perspective. The Scientific Advisory Board has a threefold 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 research issues of concern to the regulator.

To bring its work to the attention of a broader audience, the AMF holds an annual Academic Conference. Its eighth annual conference was held in Paris on 23 May 2013, in partnership with the research club of the Institut français des administrateurs (French institute of directors/IFA). The theme of the conference was "Functioning of the board of directors, compensation and transparency: how should companies be governed?"

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## MEMBERS OF THE SCIENTIFIC ADVISORY BOARD

- Michel Aglietta (CEPII)
- Michel Albouy (Grenoble University PMF)
- Noël Amenc (EDHEC)
- Patrick Artus (Natixis)
- François Champarnaud (Shareholding Agency (APE) ministry of Economy)
- Patricia Charlety (ESSEC)
- Jean-Philippe Cotis (INSEE)
- Olivier Davanne (DPA Invest)
- Thierry Foucault (HEC)
- Olivier Garnier (Société Générale Asset Management)
- Edith Ginglinger (Paris Dauphine University – CEREG)
- Christian Gourieroux (Paris IX University, ENSAE)
- Carole Gresse (Paris Dauphine University – CEREG)
- Pierre Jaillet (Banque de France)
- Ruben Lee (Oxford Finance Group)
- Albert Menkveld (FEWEB)
- André Orléan (CNRS)
- Olivier Pastré ((Paris-VIII University, GP Banque)
- Jean-Charles Rochet (Toulouse University – Institut d'économie industrielle)
- Benn Steil (Council on Foreign Relations)
- Xavier Vives (IESE Business school)



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# Developing financial regulation in France and internationally

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The AMF helps ensure market confidence and plays an active role in developing the French market. It also plays a major role in international financial standard-setting bodies in an effort to promote the integrity and efficiency of financial markets in a globalised world.

## THE AMF AND THE FRENCH FINANCIAL COMMUNITY

At a domestic level, the AMF enjoys ongoing contact with leading stakeholders, including the following:

- Parliament: the presidents of the National Assembly and the Senate each appoint one member of the AMF Board. The AMF's chairman is regularly heard by both these institutions, to which he presents the AMF's annual report;
- the Banque de France, with which the AMF has a long-established working relationship and is in regular communication;
- the ACP: in particular, the two authorities work together in the context of the joint unit set up to improve investor protection.

The AMF is in regular contact with other authorities, including the Autorité des normes comptables (Accounting Standards Authority), the Haut conseil du commissariat aux comptes (National Auditors' Oversight Board), the Commission de régulation de l'énergie (Energy regulation Commission) and the Autorité de régulation professionnelle de la publicité (Advertising Profession Regulatory Authority).

Finally, and more generally, it maintains regular dialogue with financial market professionals – investment services providers, issuers, industry bodies, etc. – by holding consultations and organising special events aimed at professionals.

## BILATERAL AND MULTILATERAL RELATIONS BETWEEN THE AMF AND REGULATORS IN OTHER COUNTRIES

The AMF has signed more than 40 cooperation agreements with other authorities on matters such as the exchange of information, the conduct of investigations and technical cooperation, as well as two multilateral agreements between the members of ESMA and IOSCO. The AMF is also a signatory of the charter for a partnership between regulators of Mediterranean countries and a member of the Institut francophone de la régulation financière (IFREFI), which brings together financial regulators who use French as their working language. It acts as secretary to both these organisations.

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## THE AMF ON THE INTERNATIONAL STAGE

The AMF is involved in various international and European bodies.

### At an international level

#### International Organization of Securities Commissions (IOSCO)

The AMF is a member of IOSCO, which brings together financial regulators at a global level. Its main purpose is to establish international standards to:

- improve efficiency and transparency on securities markets;
- protect investors;
- facilitate cooperation between regulators in the combat against financial crime.

#### Financial Stability Board

The FSB is composed of the financial regulators, central banks and finance ministries of significant international financial centres, together with international institutions (the International Monetary Fund, the World Bank, the European Commission, etc.) and international regulatory organisations (IOSCO, the Basel Committee, etc.).

#### Joint Forum

Members of the Joint Forum consist of senior supervisors from the banking, insurance and securities sectors, working together to address issues common to all three sectors to achieve a globally coherent regulatory system.

### At a European level

The AMF is a member of the European Systemic Risk Board, tasked with detecting and preventing risks that could interfere with financial stability in the European Union..

The European Securities and Markets Authority (ESMA) is responsible for harmonising the regulation and supervision of EU financial markets and has binding powers to accomplish this task. Its members consist of the 27 financial market regulators from the EU Member States (of which the AMF is one) and observers: the regulators from Norway, Iceland and Lichtenstein, the European Commission, the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Systemic Risk Board

#### College of Euronext Regulators

The College of Euronext Regulators consists of the five regulatory agencies of the countries in which Euronext is present: the AMF (France), the AFM (Netherlands), the CBFA (Belgium), the CMVM (Portugal) and the FSA (UK).



# Investor protection: a focal point of AMF activity

Because protecting investors also means informing and supporting them, the AMF provides retail investors with tools and services to help them with their investment approach. It also offers a mediation service to help retail investors involved in disputes with financial intermediaries or listed companies.

## ANSWERING QUESTIONS FROM RETAIL INVESTORS AND PROFESSIONALS

The AMF has put in place AMF Épargne Info Service, which can be accessed via [www.amf-france.org](http://www.amf-france.org) or by calling +33 (0)1 5345 6200.

AMF Épargne Info Service answers questions from retail investors and professionals about the AMF, financial markets, market operations, investment services providers, corporate finance transactions, etc. In partnership with the Banque de France and the ACP, the AMF has also developed the Assurance Banque Épargne Info Service (ABEIS) platform, which offers a common entry point for users in the banking, insurance and financial markets sectors. ABEIS provides guidance and information to the public via a website ([www.abe-infoservice.fr](http://www.abe-infoservice.fr)), a helpline (+33 (0)8 1190 1801), or by mail (ABE Info Service, 61 rue Taitbout, 75436 Paris Cedex 09, France).

## ONLINE EDUCATIONAL INFORMATION

The AMF provides dedicated information for retail investors on its website ([www.amf-france.org](http://www.amf-france.org)):

- educational guides explaining how markets work, giving details of financial products and setting out basic rules for managing investments wisely;
- warnings about unlawful products and practices.

The AMF also participates in the actions of the Institute for Public Financial Education by helping to finance its budget and sitting on its board of directors.

## OMBUDSMAN OFFICE

Mediation<sup>1</sup> seeks out-of-court settlements to disputes arising between investors and financial intermediaries or issuers. Disputes can touch on any of the various areas falling within the AMF's jurisdiction: the marketing of financial products, the content of disclosures, order execution (timeliness and content), portfolio management, etc.

Mediation is confidential, free of charge and non-binding, with each party having the right to terminate the procedure at any time.

## 2012 key data

### CONSUMER HELPLINE ÉPARGNE INFO SERVICE

9,604  
enquiries handled

59%  
of enquiries were submitted  
by individual investors

### MEDIATION

695  
enquiries handled

62%  
of mediation processes resulted  
in agreement being reached  
between the parties

Source: AMF

## Questions/Answers

### I am in a dispute with my financial intermediary or with a company in which I own shares. What should I do?

You may only bring a request for mediation to the attention of the Ombudsman when you have already taken prior action against the investment services provider or issuer in question. If you receive no response from the investment services provider or issuer within two months, or if the response you receive is not satisfactory, you may submit your case to the AMF's Ombudsman.

The Ombudsman will assess your claim to see whether it is eligible for mediation. You are advised to enclose with your claim copies of any documents that might help the Ombudsman with his assessment, including in particular any correspondence exchanged with the person or entity responsible for the loss you believe you have suffered and any other supporting documents.

### How to contact the AMF Ombudsman

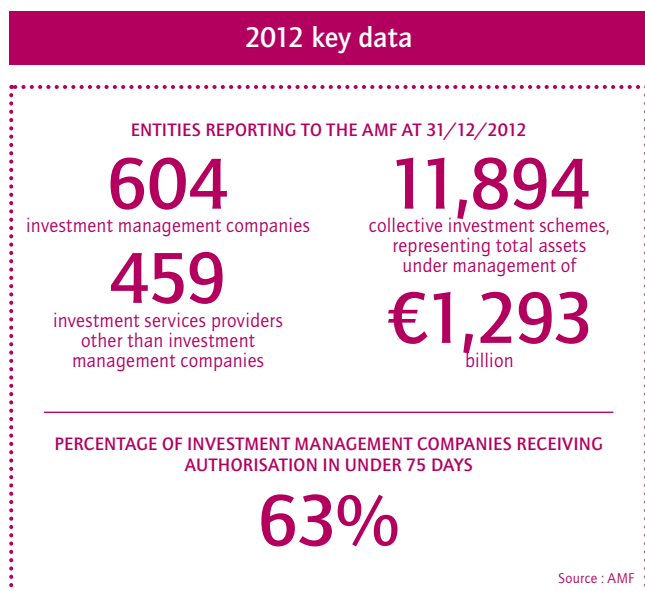
The Ombudsman can be contacted via the internet at [www.amf-france.org](http://www.amf-france.org): mediation forms are available by clicking on "Forms and Declarations" on the home page or by writing to Marielle Cohen-Branche, Autorité des marchés financiers, 17 place de la Bourse, 75082 Paris Cedex 02, France.

# Regulation of markets, professionals and investment products

The AMF approves market rules and market infrastructures. It authorises financial services professionals and collective investment schemes (CIS) falling within its jurisdiction.

## OVERSIGHT OF MARKETS

The AMF approves rules for both regulated markets (e.g. Euronext Paris) and organised markets (e.g. Alternext). It also approves operating rules applicable to the infrastructures that enable those markets to operate (clearing houses, settlement system operators and CSDs). Finally, it issues professional licences to compliance officers and those responsible for monitoring transactions and supervising market members within those market operators.



## Question/Answer

### How do I check whether a professional or product has been authorised?

If you are contacted by a professional and want to check that the entity in question has been authorised, you can go to the AMF website at [www.amf-france.org](http://www.amf-france.org) and verify the authorisations of investment services providers (ISPs), investment management companies, financial investment advisers (FIAs) and real estate investment trust management companies, as well as direct marketers of banking and financial services. You can also check the authorisations of products that are offered to you: CIS (open-end and closed-end funds, etc.), foreign CIS and schemes specialising in areas such as film production and fisheries.

## OVERSIGHT OF PROFESSIONALS

Protecting investors also means verifying the reliability of those with whom they have financial dealings. After receiving authorization requests from professionals wishing to provide investment services, the AMF:

- authorises investment management companies on the basis of the competence and reputation of their executives and the resources upon which they draw in carrying on their business;
- issues opinions or submits observations to the ACP regarding the programmes of operations of investment services providers (ISPs) other than investment management companies;
- issues professional licenses for compliance officers within the investment departments of ISPs and compliance officers responsible for internal control within management companies;
- authorises associations representing financial investment advisors which, among other things, ensure that their members comply with conduct of business rules.

## OVERSIGHT OF COLLECTIVE INVESTMENT SCHEMES

The AMF authorises the creation and marketing to investors of the following types of investment scheme:

- General-purpose collective investment schemes (OPCVM) of the common fund type (FCP) or open-ended investment company (SICAV),
- property investment products (real estate investment trusts and funds);
- securitisation vehicles (securitisation special purpose vehicle - FCT, securitisation schemes - OT)

In particular, the AMF checks that investment prospectuses contain essential disclosures: the Key Investor Information Document (KIID), which sets out, in two to three pages, information about the product that is clear, accurate and not misleading. These documents must be provided to anyone expressing an interest in collective investment schemes. The AMF monitors each product throughout its lifetime, paying particular attention to the clarity of disclosures to investors.

# Regulation of corporate financing and disclosures

The AMF authorises corporate finance transactions and supervises disclosures by listed companies. All such companies are required to regularly inform the public about their business activities and results, as well as about transactions such as mergers and takeovers. The AMF makes sure that disclosures are comprehensive, consistent, easily understood and disseminated to the public at large.

## CORPORATE FINANCING

The AMF regulates corporate finance transactions by listed companies and checks documents issued by such companies when they carry out such transactions:

- initial public offerings;
- capital increases and rights issues;
- public cash offers, exchange offers, buyout offers, etc.;
- mergers, demergers, etc.

The AMF ensures that for each transaction, companies offering securities to the public provide comprehensive and reliable information on a timely basis and in an equitable manner to all.

The AMF scrutinises the documents prepared by listed companies, such as prospectuses, offer documents, shelf registration documents, base documents and securities notes. Depending on the specific circumstances, these documents are either approved by the AMF prior to publication or are filed with the AMF and examined ex post.

For public cash offers, exchange offers and buyout offers, the AMF checks that the offer complies with regulations.

In addition, the AMF makes sure that promotional materials relating to corporate finance transactions are clearly recognisable as such and contain no potentially misleading statements.

## MONITORING OF FINANCIAL DISCLOSURES BY LISTED COMPANIES

The AMF monitors ongoing information to ensure that listed companies disclose price-sensitive information promptly to the general public.

It also monitors periodic information to ensure that listed companies publish their annual financial statements, annual and interim financial statements and quarterly sales figures on time.

In the event of late filing, the AMF publishes the names of the companies in question on its website. In the event of serious delays, it may also petition the courts to issue injunctions and penalties.

To improve the standard of information supplied to the market, the AMF publishes an annual report and recommendations on corporate governance and internal control in.

## 2012 key data

APPROVALS OF CORPORATE  
FINANCE TRANSACTIONS

614

REGISTRATION DOCUMENTS FILED  
AND REGISTEREDS

342

REGISTRATION DOCUMENT FILING RATE:

66%

Source: AMF

## Question/answer

### What is the scope of an AMF approval?

Before approving a prospectus, the AMF makes sure that the information it contains is comprehensive, easily understood and consistent. Approval does not mean that the AMF is endorsing the investment or assessing the issuer's circumstances.

# Monitoring professionals and products and supervising markets

The AMF monitors information provided to investors about financial products. It also ensures that financial intermediaries comply with their professional obligations and supervises the financial markets and the behaviour of market participants.

## MONITORING COMPLIANCE AMONG FINANCIAL INTERMEDIARIES

The AMF monitors all professionals authorized by it to provide investment services. In particular, it:

- verifies all information submitted to it either systematically or at its request and checks that services offered by financial intermediaries comply with regulations;
- monitors investment services providers and financial investment advisers to ensure that they comply with rules applicable to their areas of activity;
- supervises direct marketers particularly those acting especially on behalf of investment management companies.

## MONITORING INFORMATION ABOUT AUTHORISED FINANCIAL PRODUCTS

The AMF supervises authorised products throughout their lives. It checks that they comply with regulations and ensures that information provided to investors (including annual reports, information letters and advertising materials) is of sufficiently high quality. Particular attention is paid to marketing materials in connection with products available to the general public.

## SUPERVISION OF FINANCIAL MARKETS

The AMF oversees:

- financial instruments admitted to trading on Euronext Paris: equities, fixed income and derivatives;
- professionals operating in financial instrument markets (credit institutions, investment firms, investment management companies, financial investment advisers and direct marketers acting for investment management companies);
- market infrastructures.

The AMF also monitors all transactions in instruments listed on Euronext Paris, regardless of trading venue, including over-the-counter trades and those carried out on multilateral trading facilities.

### 2012 key data

EVERY DAY, THE AMF MONITORS:

Almost **1,000**  
equity securities

More than **2,300**  
bonds and a wide variety of derivatives

**887**  
million transactions

more than **80%**  
of investigations opened by the AMF were opened at the proposal  
of the Market Supervision division

Source: AMF

## Question/Answer

### How does the AMF supervise markets?

The AMF has powerful resources to monitor price fluctuations and detect any infringement of applicable laws and regulations. It examines numerous alerts every day and carries out in-depth analysis of an average of 500 "anomalies" every year. It has also developed tools for monitoring order books on Euronext Paris.

# Investigation powers relating to market supervision or to information disclosed by listed companies

The decision to open an investigation is made by the AMF's secretary general. Most investigations are triggered by observations made in the course of market surveillance or monitoring listed companies or complaints. They may also be initiated at the request of foreign authorities. Investigations are opened by decision of the secretary general of the AMF. They relate to, but are not limited to, one or more facts or events that could constitute a breach of laws and regulations, such as insider dealing, price manipulation, dissemination of false information, information liable to harm the orderly operation of the markets, etc. When the secretary general decides to open an investigation, he appoints investigators. The AMF's investigative procedures are set out in a charter informing entities or individuals of the principles to which investigators undertake to adhere and the behaviour that is expected of those questioned in the course of investigations.

## HOW IS AN INVESTIGATION CONDUCTED?

The AMF observes behaviour that may constitute market abuse.

While performing market supervision duties, acting on information received from another AMF department or foreign authority based on a suspicious transaction reports, responding to requests from judicial authorities or acting on complaints, the AMF may observe behaviour that appears to constitute a breach of the AMF General Regulation.

The AMF's secretary general decides to open an investigation.

The decision to open an investigation is made by the AMF's secretary general. He appoints investigators who have the power to request any document, interview anyone they choose and enter business premises. Information may not be withheld from investigators on the grounds of professional secrecy, except by representatives of the law. Investigators analyse the information they gather, together with any information obtained from foreign regulators with which the AMF has signed a cooperation agreement or which has corresponding functions to the ones of the AMF.

Before the investigation is completed, a detailed letter is sent to potential respondents.

A detailed letter setting out legal and factual information gathered during the investigation is sent to persons likely subsequently to be charged by the AMF Board. These persons have one month to submit their observations, which are then submitted to the Board along with the investigation report.

The investigation report is submitted to the AMF Board.

The investigation report indicates whether the evidence points to a breach of the AMF General Regulation. It is submitted to the Board and is not made public.

The Board examines the report and decides what action, if any, should be taken.

A given report may give rise to more than one action:

- if the Board finds no material breach of regulations, the case is closed. A letter of observations may, however, be sent to the persons under investigation to remind them of current regulations;
- if the Board considers that the investigation report establishes one or more potential substantial breaches, it issues a statement of objections against the person or entity in question and may:
  - propose an administrative settlement in the case of breaches of professional obligations;
  - or initiate sanction proceedings and submit the case to the chairman of the AMF Enforcement Committee;
- if the report points to a possible criminal offence, it is submitted to the public prosecutor;
- if the report shows that the matter does not fall within the AMF's jurisdiction, it is forwarded to the competent national or international authorities.

## 2012 key data

INVESTIGATIONS OPENED

80

INVESTIGATIONS CLOSED

74

of which

43

and

31

had been opened in response to requests for international assistance

had been opened at the AMF's initiative

Source: AMF

# Inspection powers relating to professionals

The purpose of AMF inspections is to ensure that professionals regulated by the AMF, and the natural persons under their authority or acting on their behalf, meet the professional obligations set out in the French Monetary and Financial Code, the AMF General Regulation or AMF-approved professional rules of conduct.

The AMF has powers of inspection over market professionals (investment management companies, investment firms and credit institutions providing investment services), market infrastructures (NYSE Euronext, multilateral trading facilities such as Alternext, the Marché Libre and Powernext Derivatives, clearing houses, the central securities depository, etc.) and financial investment advisers together with the industry bodies that represent them. Inspections are also governed by a charter informing inspected entities of the principles to which the AMF undertakes to adhere as well as the behaviour expected of those questioned in the course of inspections.

## HOW IS AN INSPECTION CONDUCTED?

**Inspections are proposed in the normal course of activity.**

On the basis of a risk-based approach and information of which it becomes aware, the AMF identifies behaviours or incidents that appear to constitute breaches of the obligations incumbent upon persons and entities under its authority. Inspections of such behaviours and incidents are proposed in the normal course of activity, and mainly relate to investment services providers. For financial investment advisers, proposed inspections mainly relate to complaints and cases flagged up by and of interest to the joint unit set up by the AMF and the ACP.

**The decision to carry out an inspection is made by the AMF's secretary general.**

For each inspection, the AMF's secretary general appoints a chief inspector and defines the inspection objectives. The AMF may make use of external inspection auditors (the ACP, the Banque de France, the Institut d'émission des départements d'outre-mer (the note-issuing bank for French overseas départements), the central securities depository, outside firms, etc.).

**The findings are set out in an inspection report.**

An inspection report is prepared after every inspection and sent for information to the inspected entity, which may submit a response. A summary letter is sent to any other persons questioned during the investigation and who might be held personally liable, inviting them to provide their observations within one month.

**The Board examines the report and decides what action, if any, should be taken.**

The Board examines the report and decides what action, if any, should be taken.

A given report may give rise to more than one action:

- if the report does not reveal any material breaches or criminal offences, the secretary general sends a follow-up letter to the audited entity advising it of corrective measures that need to be taken to remedy any identified misconduct;
- if the report identifies material breaches, the Board issues a statement of objections to the respondents, and may:
  - propose a settlement in the case of breaches of professional obligations,
  - initiate sanction proceedings by submitting the inspection report and the statement of objections to the Enforcement Committee;
- if the report points to a possible criminal offence, it is submitted to the public prosecutor;
- if the report shows that the matter falls within the jurisdiction of another national or international authority, it is forwarded to the competent authority. The case may also be submitted to the French anti-money laundering agency, Tracfin, if it highlights potential money laundering activities.

## 2012 key data

NUMBER OF ENTITIES OVER WHICH THE AMF HAS POWERS OF INSPECTION

5,985

NUMBER OF INSPECTIONS INITIATED

47

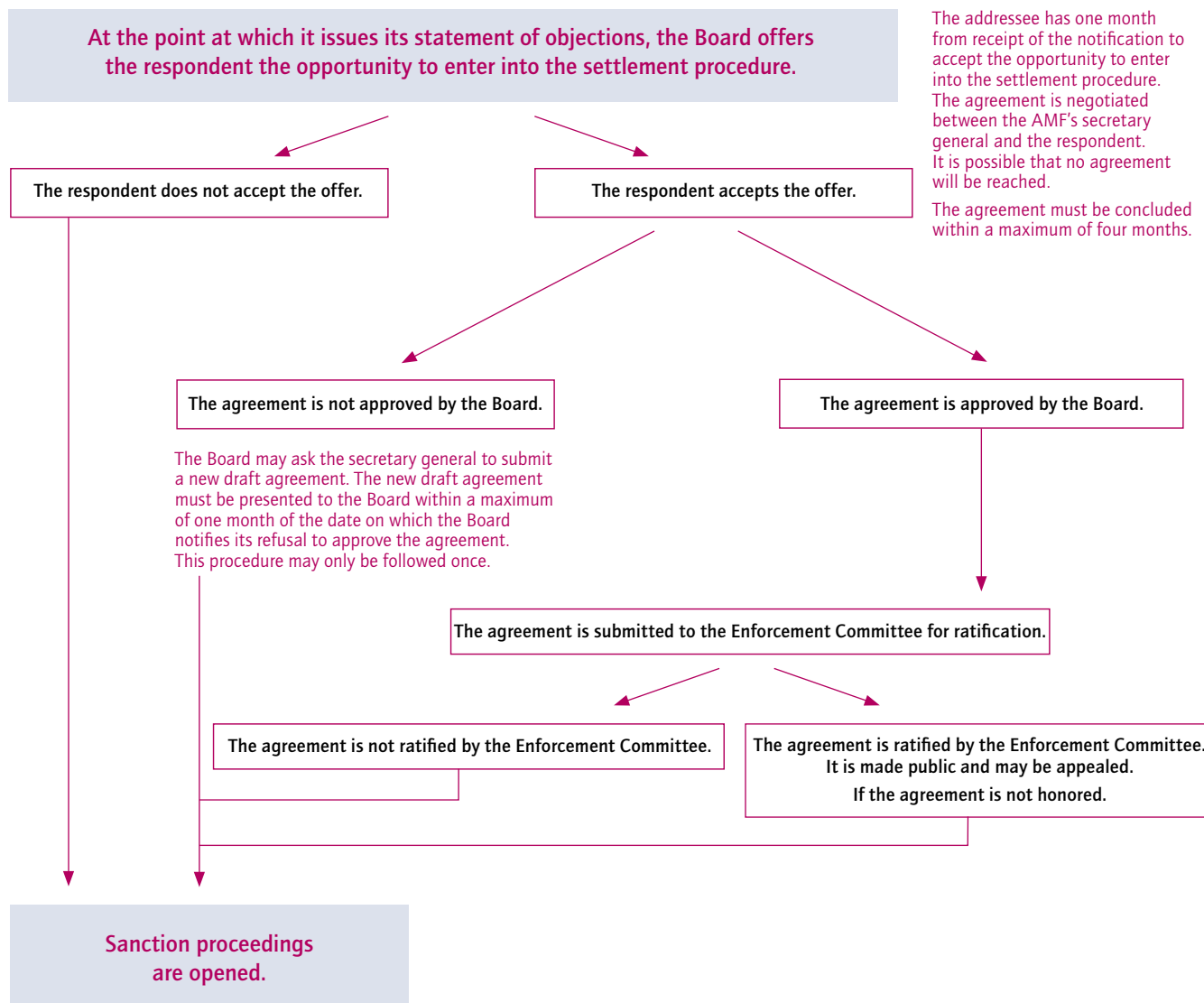
NUMBER OF JOINT INSPECTIONS CARRIED OUT BY THE AMF/ACP JOINT UNIT

10

Source: AMF

# Settlement: an alternative to sanction proceedings

The settlement procedure is intended for financial intermediaries who have failed to comply with some of their professional obligations and where the case is sufficiently straightforward not to merit the initiation of sanction proceedings. The settlement procedure is proposed to respondents by the Board as an alternative to sanction proceedings. Settlement agreements are drawn up by the secretary general and the respondent before being approved by the Board. They must then be ratified by the Enforcement Committee.



## 2012 key data

NUMBER OF PROPOSALS FOR ADMINISTRATIVE SETTLEMENT PUT FORWARD BY THE AMF BOARD

10

NUMBER OF AGREEMENTS RATIFIED BY THE ENFORCEMENT COMMITTEE

7

Source: AMF



# Enforcement Committee sanction proceedings

On examining an investigation or inspection report, the AMF Board may decide to open sanction proceedings. In such cases, it serves a statement of objections to the respondent and forwards the case (including the statement of objections, the investigation or inspection report and any other relevant documents) to the Enforcement Committee. Following adversarial proceedings, the Enforcement Committee issues a ruling on the objections and may issue a fine and/or a disciplinary sanction, depending on whether the case concerns infringement of market rules or market intermediaries' professional obligations. The Enforcement Committee has complete freedom of action. Its decisions are open to appeal, including by the AMF's chairman.

## WHAT HAPPENS DURING SANCTION PROCEEDINGS?

**The statement of objections is sent to the respondent and the chairman of the AMF.**

If the AMF Board decides to initiate sanction proceedings, its chairman serves a statement of objections both to the respondents and to the chairman of the AMF Enforcement Committee. The statement of objections constitutes the indictment. This sets out, inter alia, the allegations against the respondent together with the provisions which may have been breached. The respondent then has two months to submit comments to the chairman of the Enforcement Committee. These written comments are submitted to the prosecuting authority (the AMF), which may reply in writing.

**The chairman of the Enforcement Committee appoints a rapporteur who appraises the case for sanctions.**

The chairman of the Enforcement Committee appoints one of its members to act as a rapporteur who appraises the case for sanctions. The rapporteur may hear the respondent, the AMF Board's representative. He may also hear testimony from other persons. Once the case has been appraised, the rapporteur draws up a report on the findings and sends it to the respondents and to the AMF Board's representative who are all summoned to a hearing before the Enforcement Committee. The respondents have 15 days to submit their comments on the report. The Board's representative may also present the Board's comments, in which case a copy must also be forwarded to the respondents.

**The respondent is heard by the Enforcement Committee.**

The hearing is open to the public, unless exceptional circumstances determine otherwise. The rapporteur's oral report is followed by a statement by the AMF Board's representative, who proposes a sanction. The floor may then be turned over to the representative of the government, followed by a debate with the respondents (or their advisers) and the Board's representative. In any case, the respondent (or his adviser) has the right to be the last to speak.

**The Enforcement Committee issues its decision.**

At the end of the hearing, the rapporteur, the Board representative and the director general of the Treasury or his representative leave the chamber and the deliberation takes place. The respondent is informed of the Enforcement Committee's decision. The decision is publicly disclosed, unless such disclosure would seriously jeopardize the financial markets or cause disproportionate damage to the parties involved. The Enforcement Committee may also decide not to disclose the identity of the parties involved.

**The respondent has two months in which to appeal.**

The respondent may appeal the Enforcement Committee's decision within two months of notification of the sanction. The appellate court is the Cour d'appel de Paris. If the sanction involves a professional, such as an investment services provider or FIA, the appeal is sent before the Conseil d'État.

**The AMF's chairman may also appeal the decision.**

The AMF's chairman may also appeal the Enforcement Committee's decision, with prior consent from the Board.

## 2012 key data

NUMBER OF CASES RECEIVED  
BY THE ENFORCEMENT COMMITTEE

22

NUMBER OF CASES  
CONCLUDED

21

NUMBER OF RULINGS  
ISSUED

58

Source: AMF

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# 2012 highlights

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**Five years after the crisis began**, the pace of reform of financial regulation continued in 2012 at the international level (G20, IOSCO, FSB, etc.), the European level and the domestic level. The AMF was involved in working on issues foundational to the financing of economic activity and the functioning of markets, such as rules on shadow banking and the revised European directive on markets in financial instruments (MiFID). Nor did the regulator spare any effort to support the Paris financial community and its members, who in 2013 must implement rules laid down in the Alternative Investment Fund Managers (AIFM) Directive and comply with obligations arising from the European Market Infrastructure Regulation (EMIR) on the clearing of over-the-counter derivatives.

The European Securities and Markets Authority (ESMA) also ramped up its activities in 2012. The creation of ESMA just over two years ago underlined the strength of European ambition and reinforced the financial supervision model. ESMA provides a vehicle for delivering a harmonised and consistent approach to financial regulation and creating a single European market in financial services. At an operational level, this has been reflected in the publication of a whole series of regulations that have been incorporated directly into AMF regulations. However, this new way of writing the rule book is not without consequences: for the AMF, it raises the question of its relationship with domestic regulations; for professionals operating in the Paris market, it raises issues of integration and understanding. One of the major challenges facing the AMF over the next few years will be to adopt an understandable regulatory model that fosters the development of France's financial industry while continuing to protect retail investors.

## THE AMF GETS A NEW TOP TEAM WITH THE APPOINTMENT OF GÉRARD RAMEIX AS CHAIRMAN AND BENOÎT DE JUVIGNY AS SECRETARY GENERAL

### A new chairman...

On 1 August 2012, the French President appointed Gérard Rameix as Chairman of the AMF, succeeding Jean-Pierre Jouyet, who had been Chairman since 15 December 2008.

### ...and a new secretary general

Benoît de Juvigny was appointed Secretary General of the AMF with effect from 1 December 2012. He succeeded Thierry Franco, who had been Secretary General since March 2009.

## SAFEGUARDING INVESTMENTS

### Launch of an information campaign entitled "How to think about investing your money"

In 2012, the AMF continued with its educational efforts via a televised campaign consisting of five "Consumag" reports aimed at informing retail investors as to what they need to think about before investing their money and their rights in the event of a dispute.

### The AMF publishes a series of alerts and warnings

In the course of the year, the AMF warned investors about various issues including the unlawful activities of various websites and entities proposing so-called high yield investments. It also alerted investors about websites publishing advice on high-yield investment programmes (HYIPs) for which it was not possible to clearly identify an authorised service provider.

In December 2012, the AMF called attention to the risks associated with certain unusual investments offered to retail investors in sectors as diverse as letters and manuscripts, works of art, solar panels, stamps, wine, diamonds and other niche sectors not bound by the regulations that apply to financial instruments.

### AMF mystery shopping in 2012

Following an initial mystery shopping campaign in 2010, the AMF repeated the exercise in 2012. A change in the commercial offering proposed by banking networks was observed, with interviews taking slightly longer. However, less time was taken on getting to know prospective customers, and the provision of information on product disadvantages (particular in relation to charges) remained unbalanced. However, the mystery shopping campaign did not identify any manifestly inappropriate sales activities.

### Investor protection activities undertaken with the ACP

In 2012, the AMF and the ACP undertook a series of concrete activities intended to strengthen investor protection. For example, a list designed to warn investors of the existence of unauthorised operators offering services on the forex market was updated twice. The two authorities also adopted a joint position intended to clarify the scope of investment services in relation to the marketing of financial instruments.

### A new version of the "Assurance Banque Épargne Info Service" website

In December 2012, the AMF, the ACP and the Banque de France launched a new, more accessible and intuitive version of the website [www.abe-infoservice.fr](http://www.abe-infoservice.fr). In particular, the site aims to give members of the public access to information and guidance by providing educational documentation and practical information in the areas of banking, insurance and financial investment.

## MODERNISATION OF THE REGULATORY FRAMEWORK

### The repercussions of the transposition of the UCITS IV Directive

Following on from the transposition of the UCITS IV Directive, the AMF made changes to its General Regulation in relation to service.

providers, undertakings for collective investment in transferable securities (UCITS) and real estate collective investment schemes (OPCI). These changes were mainly intended to standardise the rules applicable to UCITS complying with the UCITS IV Directive and those applicable to other UCITS and OPCI in relation to the time taken to obtain regulatory authorisation.

### **The AMF publishes a guide to help investment management companies prepare their programmes of operations and updates its policy on CIS**

The AMF published a guide to help investment management companies prepare their programmes of activities. The AMF also updated its four collective investment scheme policy guides with the goal of helping investment management companies and distributors of CIS better understand its policy.

### **Publication of a single document on corporate governance and executive compensation in companies applying the AFEP/MEDEF code**

To make it easier to apply recommendations and areas for consideration put forward by the AMF in relation to corporate governance and executive compensation in companies applying the AFEP/MEDEF code, these recommendations and areas for consideration were combined and summarised in a single document.

### **Bond liquidity contracts: a newly accepted market practice**

In order to boost liquidity on the secondary bond market, the AMF agreed to the introduction of bond liquidity contracts. As is the case for equity markets, this practice is governed by a framework that is subject to prior approval by the AMF.

## **TRANSPARENCY OF DISCLOSURES**

### **Major shareholding disclosures and statements of intent**

Changes were made to the regime governing major shareholding disclosures and statements of intent, with the new rules entering into force on 1 October 2012. Shareholdings and voting rights associated with cash-settled derivatives and equivalent agreements must now be aggregated for calculations relating to the notification of major holdings.

### **AMF report on corporate governance and executive compensation**

In its 2012 report, the AMF once again noted that improvements had been made in respect of disclosures and corporate governance practices. To encourage companies to improve, the AMF highlighted best and worst practice and, for the first time, identified by name companies serving as examples of each. However, the AMF laments the fact that its areas for consideration have led to little in the way of action by professional associations. Consequently, the Authority would like to see its role strengthened and is campaigning for advisory votes on compensation at shareholders' general meetings.

### **Repercussions of the AMF working group on general meetings in listed companies**

In May 2011, the AMF set up a working group chaired by AMF Board member Olivier Poupart-Lafarge to look into proposals for improving dialogue between shareholders and issuers, the functioning of general meetings and voting on regulated agreements. In its report published in 2012, the working group recommended that boards of directors provide reasons for their decisions to approve regulated agreements and that statutory auditors clarify their position with regard to the reasons given in their special reports on regulated

agreements. The report also proposed that regulatory provisions in the Commercial Code be amended to enable any company that so wishes to include in its Articles of Association a threshold of less than 0.5% for the submission of draft resolutions and/or agenda items.

## **MARKET INTEGRITY**

### **Rules on short selling**

In August 2011, the AMF banned short sales of ten banks and insurers listed in Paris. The purpose of this ban was to prevent market abuse linked to the use of short selling in a very bearish environment. The ban was lifted on 11 February 2012.

The European regulation on short selling and certain aspects of credit default swaps was also published in March 2012. The regulation, which strengthens and harmonises European rules governing short positions in equities and sovereign debt and bans naked credit default swap (CDS) purchases, became effective on 1 November 2012.

### **Updates to the AMF's Inspection Charter and Investigation Charter**

The new version of the Inspection Charter strengthens the defence rights of services providers and potential respondents. The Investigation Charter was updated following adjustments to the "right to respond" phase. The updated version further clarifies the summary hearing, the detailed letter and the statement of objections, all of which are key components of the investigation process.

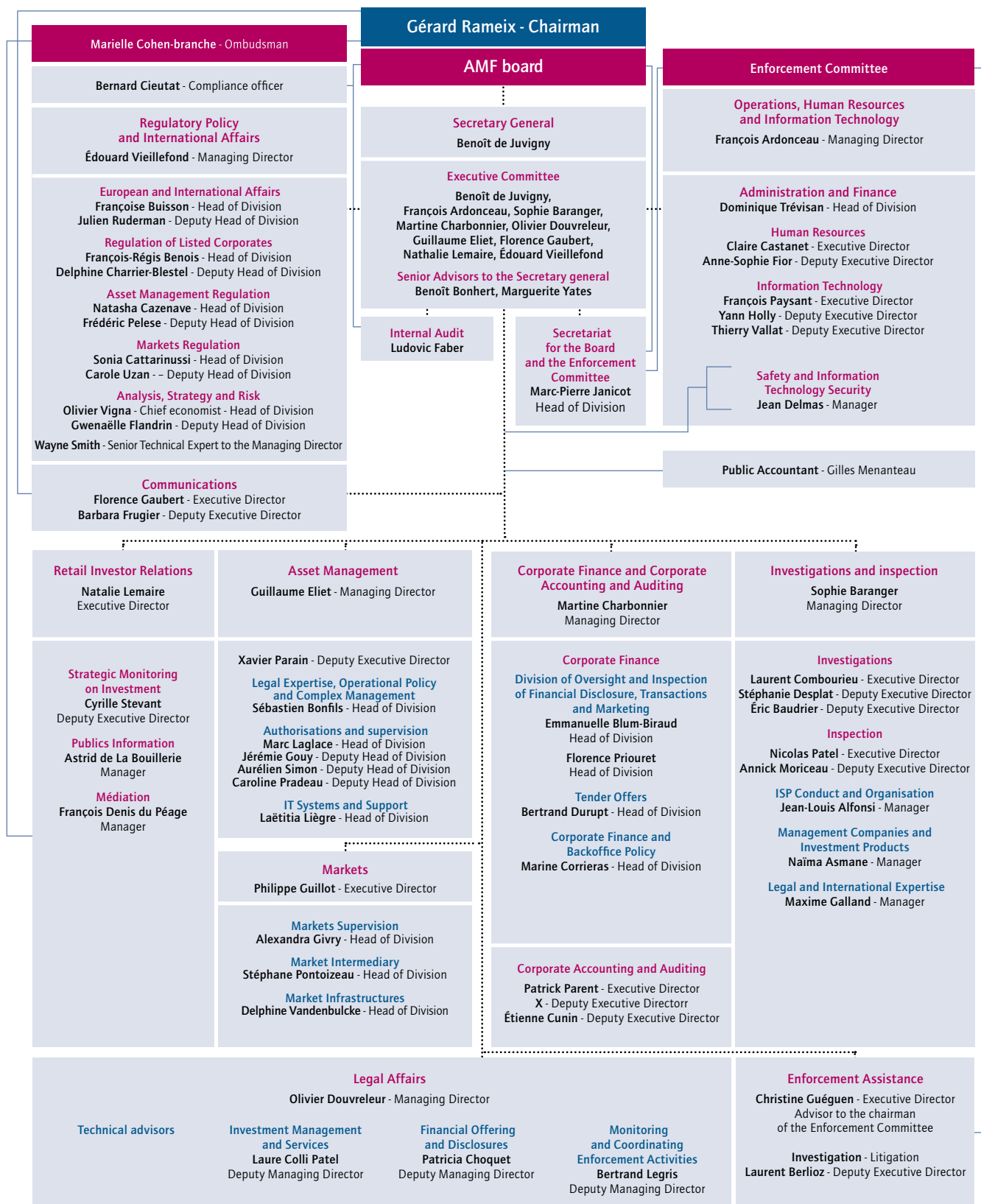
### **The first financial administrative settlements are published**

Seven financial administrative settlements were approved by the AMF's Enforcement Committee in 2012. Using its settlement powers, granted by the Banking and Finance Regulation Act of October 2010, the AMF can now deal more quickly and transparently with certain cases not warranting sanction proceedings.

### **The AMF exercises its right of appeal**

The option for the AMF's chairman to appeal Enforcement Committee rulings with prior consent from the AMF Board became effective in 2012. The AMF's chairman exercised this right six times in the year.

# AMF Organisation Chart



Specific functional link

## CONTACTS

### Communication Directorate

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### AMF Épargne Info Service

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### Ombudsman

**Postal address: For the attention of  
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Contact forms are available in the Forms and Declarations section of the AMF website.

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