

Chapter 5

Market surveillance and discipline

1 – Market surveillance

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The AMF carries out daily surveillance with a view to maintaining orderly markets, protecting investors and safeguarding the quality of financial disclosures.

For this purpose, the AMF has effective resources of its own and coordinates its efforts with the other authorities¹ in France and abroad that are responsible for overseeing the banking and financial industries.

The AMF conducts inspections and investigations under the authority of its Secretary General. For this, it relies on three staff departments that perform:

- > market surveillance, which includes monitoring trading and trader behaviour to detect market anomalies;
- > off-site and on-site inspections of investment services providers (ISPs), including asset management companies, to ensure that they comply with the rules of their profession;
- > investigations, which look at financial disclosures and market abuse.

In addition to its own staff resources, the AMF can call on external audit bodies, i.e. the Commission bancaire, Euronext Paris, the central depository, auditing firms and independent experts, in order to carry out its duties.

This chapter describes the AMF's oversight, surveillance and investigation activities in 2007.

Market surveillance and discipline in 2007

	2006	2007
On-site inspections of investment service providers: begun	105	105
On-site inspections of investment service providers: finished	133	72 *
Investigations opened	84	92
Investigations concluded	105	96

Source: AMF

*The decrease is due in large part to the complexity of the oversight tasks conducted in 2007.

Possible outcomes * of an AMF investigation or inspection

- 1 – The case is closed.
- 2 – A specialised commission of the AMF Board opens sanction proceedings
- 3 – The AMF submits a report to the public prosecutor when the facts may constitute an offence
- 4 – The AMF submits a report to other French or foreign administrative authorities when the matter falls within their jurisdiction
- 5 – The specialised commission of the AMF Board sends comments, which may be published, to the parties concerned. In every case, a follow-up letter is sent after an inspection or investigation, whether or not a sanction procedure is opened
- 6 – The AMF issues an injunction, or the presiding judge of the Paris district court (Tribunal de Grande Instance) issues an injunction at the AMF's request

* A single investigation or inspection report may have several outcomes.

Source: AMF

¹ The Banque de France, the Commission bancaire (banks), the Comité des établissements de crédit et des entreprises d'investissement (credit institutions and investment firms), the Autorité de contrôle des assurances et des mutuelles (insurance companies and supplementary health insurers), and the Comité des entreprises d'assurances (insurance industry)

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1 – Market surveillance

The AMF market surveillance department, with a staff of 15, is responsible for monitoring market activity and ISP behaviour. Its aim is to detect abnormal events or behaviour that might result from prohibited actions or market offences such as price manipulation, insider dealing and dissemination of false or misleading information. The department is also in charge of ensuring that markets are operating in an orderly fashion and that investment services provider (ISP) transactions are rules-compliant.

The entry into force of MiFID on 1 November 2007 brought sweeping changes in market surveillance for securities admitted to trading on a regulated market. Transactions must now be monitored on multiple execution venues: regulated markets, trading platforms and internalisers' own systems. Surveillance has become more difficult as a result.

The department simultaneously monitors all financial instruments traded in the Paris markets, i.e., equity securities of some 1,246 listed companies (839 on Eurolist, 119 on Alternext, 288 on the Marché Libre), 3,320 fixed-income securities, some 7,000 warrants and certificates, more than 110 classes of options and nearly 1,000 ISPs².

1 > An electronic database system

The SESAM system was developed and is used jointly by the departments in charge of market surveillance, investigations and ISP and market infrastructure supervision. SESAM's multiple screens enable users to retrieve data on all equity and derivatives market trades since 1991, plus the detailed characteristics of all orders sent to the markets and all reports filed by ISPs through the direct transaction reporting system, RDT.

The year 2007 brought another significant increase in the volume of data collected. Euronext Paris, the market operator, reported on 450 million orders (Euronext Paris equity market excluding warrants, trackers and certificates) and 107 million trades (Euronext Paris equity market) to the AMF. This represented a 65% increase in orders and a 43% increase in trades reported compared with 2006.

AMF Instruction 2007-06 of 10 July 2007, effective 1 November 2007, altered the scope and procedures of transaction reporting by ISPs to make them MiFID-compliant. During 2007, ISPs reported eight million transactions to the AMF via RDT, up 33% from the preceding year. At year-end 2007, 319 firms were using the RDT system, compared with 347 in 2006. (Some twenty ISPs that had been using the system merged or went out of business during the year.)

2 > Automated data exchange with European regulators

Data exchange between European regulators, established in principle by MiFID, was implemented in practice in November 2007 when the Transaction Report Exchange Mechanism (TREM) was put into service. TREM was designed under the direction of the Committee of European Securities Regulators (more precisely, its technical subcommittee, CESR-Tech).

The AMF thus has access via TREM to all transactions made by European ISPs in securities under its jurisdiction but executed off the Euronext Paris markets.

In the months of November and December 2007 alone, the AMF received 8.3 million trade notifications from its European counterparts and transmitted 16.5 million to them.

3 > Daily market monitoring

The surveillance department's chief tool is SESAM's "delayed surveillance" module, which automatically detects market anomalies by applying a suite of 76 statistical tests daily to the previous day's transactions on the regulated markets of Euronext Paris. These tests have been adapted to take account of the steep increase in trading volume.

Some 39,000 alerts³ were generated in 2007.

New automated checks were added in 2007 specifically for fixed-income markets.

² Figures at end-2007

³ Primarily on equity securities, compared with 37,500 in 2006

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The surveillance department followed up on all these alerts. Nearly 500 cases received a more detailed examination, with information requests being issued to the intermediaries concerned.

Reflecting the increasing globalisation of financial markets, in 2007 the department issued 110 information requests to foreign regulators relating to 66 separate cases. These figures are up sharply from 2006, when 61 requests were made relating to 40 separate cases.

If, based on its analyses, the surveillance department strongly suspects unsatisfactory conduct or an offence, it sends the AMF Secretary General a proposal to open an investigation

As part of the AMF's Better Regulation initiative, if the misconduct is not significant, or the amounts at stake are too small or the suspicions too slight to warrant opening an investigation, the surveillance department proposes that a letter be sent under the signature of the AMF Secretary General to remind the parties concerned of the regulations.

When the analyses turn up evidence of borderline rule-breaking or reveal new behaviour patterns in the markets not covered by the regulations, the surveillance department prepares memoranda addressed to the AMF Secretary General to make him and other AMF departments aware of the issues.

4 > Acting on suspicious transaction reports

Introduced by the Market Abuse Directive⁴, the procedure for ISPs' reporting of suspicious transactions continues to be an additional and very useful source information for the surveillance department, which receives and analyses all suspicious transaction reports (STRs).

In all, 133 STRs were received by the department in 2007, an increase of 40%. These reports concerned 125 suspicious transactions. 11 STRs were received from foreign regulators concerning securities listed on a French regulated market. Reciprocally, 16 STRs concerning securities listed on a foreign regulated market were forwarded by the AMF to the competent regulator. Following an initial examination, seven investigations were opened by the AMF Secretary General on the basis of 14 STRs⁵

5 > 2008 Projects

During 2008 the market surveillance department will be adapting its monitoring tools to the broader scope of trading that it must now oversee. Hitherto, market surveillance dealt mainly with the data received from Euronext Paris; going forward, it must be extended to cover all transactions made in relevant instruments, regardless of execution venue (trading platform, internally within ISPs authorised to this effect, etc.). A first step has already been taken: a single database has been set up to receive trade notifications from French ISPs (via RDT) as well ISPs in other European jurisdictions (via TREM).

2 – Supervision of investment services providers and market infrastructures

To carry out its duties, the AMF department responsible for supervising investment services providers and market infrastructures, CPIM, has a staff of some twenty inspectors

The department is in charge of ensuring the regulatory compliance of ISPs under AMF jurisdiction. It is responsible for assessing the effectiveness of ISPs' compliance systems and resources and for verifying that AMF rules are properly understood.

Supervision currently extends to 960 regulated entities: 537 asset management companies, 109 investment firms⁶ including 40 authorised as custody account keepers, 311 credit institutions that provide investment services, including 275 custody account keepers, and three market infrastructure operators.

⁴ Transposed into French law by the Breton Act of 26 July 2005.

⁵ Compared with 10 on the basis of 14 reports in 2006

⁶ Includes Powernext and MTF France, both of which operate multilateral trading facilities. Article 521-1 of the AMF General Regulation

A – Off-site inspections

An off-site inspection consists in analysing information sent to the AMF, either routinely or upon request, to verify regulatory compliance.

To structure their work on ISPs and market infrastructure operators, the inspectors extract and analyse data on actual transactions in financial instruments. The transaction data is gathered in two ways: via the market operator, for trades made on the regulated markets of Euronext Paris as well as orders transmitted to them, and via the RDT system for other trades.

When irregularities are detected, the inspector conducts a more detailed examination, either by requesting information from the provider or by launching an on-site inspection.

The AMF's main off-site audits in 2007 were carried out as follows

1 > Annual reports on supervision

Investment services providers, the market operator, the clearing house and the central depository are all required to submit to the AMF⁷ each April a report on their supervision of investment services during the previous year. These annual reports take stock of the existing situation and set guidelines for the on-site inspections conducted by the AMF.

As in the past, the AMF supplied a questionnaire with a reference table of the main regulatory provisions for use in preparing the 2006 reports. The questionnaire format means that responses can be standardised, enabling the AMF to analyse them more easily and monitor statistics relating to the supervision of investment services reported by providers.

New procedures for transmitting these reports electronically were introduced in 2007 to make the process more secure.

Although the information gathered in this way is supported only by declaration, the providers' responses in these reports can be used by the AMF to gain an overview of industry compliance with its rules.

By identifying anomalies, the AMF can direct its inspections and audits to target a given subject or population. Moreover, on-site inspections are conducted each year at a sample of ISPs expressly to verify the accuracy of information in the annual reports.

2 > Special controls

The AMF asked ISPs' compliance officers to prepare a special report on procedures for monitoring and controlling compliance risk in contractual relations. These reports had to be submitted by September 2006.

A summary analysis of the reports that were received⁸ concluded that:

- > providers were more aware of the consequences, in particular the financial consequences, of breaches of their legal obligations in providing investment services;
- > to detect and manage compliance risk, the various manifestations of this risk had been made part of the ISP's control programme.

For 1 November 2007, the effective date of France's legal and regulatory provisions implementing MiFID and its implementing directive, the AMF asked ISPs to submit a report on prevention and management of conflicts of interest in the light of the new MiFID-related provisions, presenting:

- > an inventory of situations that could potentially generate conflicts of interest;
- > the broad outlines of their policy for managing such conflicts, in particular their oversight procedures for information exchanges, reporting relationships and/or remuneration policies;
- > the specific policy provisions for investment analysis;
- > for asset management companies, the specific policy provisions for collective investment management.

⁷ In accordance with Articles 321-23-2 and 322-22-11 of the AMF General Regulation effective 1 November 2007

⁸ Published in the AMF Monthly Review, number 40, September 2007

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The AMF will publish a summary of these reports in 2008.

In 2007 the AMF once again conducted a study, based on a questionnaire sent to some twenty asset management companies, of the companies' policies and practices for voting shares held by collective investment schemes under their management. The results are being analysed and a summary of the findings will be published during 2008.

Between May 2005 and May 2006, the AMF also conducted five topical reviews of asset management companies' use of credit derivatives. The results have been analysed in a summary memorandum⁹ which reveals shortcomings in the areas of risk management, valuation and legal oversight.

3 > Supervision of market infrastructure operators

In its market oversight role, the inspection department continued to meet at regular intervals with officials of Euronext Paris, LCH.Clearnet and Euroclear France.

The points monitored closely with Euronext Paris included:

- > analysis of incidents that had affected market operations and measures taken by the market operator to remedy the different situations involved;
- > cooperation between the AMF and Euronext on more effective tools of market surveillance;
- > technological changes resulting in new functionalities offered to market members;
- > analysis of regulatory impacts of the merger with the New York Stock Exchange (NYSE).

CPIM also undertook to verify the tabulation of shares tendered under NYSE's public tender offer for Euronext NV.

Cooperation also continued between the AMF and other regulators of the Euronext group. The AMF works jointly with its foreign counterparts to analyse the market operator's implementation of certain regulatory requirements. For this purpose, several working groups have been set up in various areas: the work done by the market operator to handle the increase in trading volume, Euronext's business continuity plan, its risk mapping, and so on.

Every two months, the AMF met with the clearing house, LCH.Clearnet SA, and the central securities depository, Euroclear France, which manages the RGV2 financial instrument settlement system, to go over the securities settlement fails recorded by clearing members as well as the major operational incidents logged by their own information systems. In 2007, in addition to monitoring members with a high percentage of fails, special attention was paid to:

- > the new rules put in place by LCH.Clearnet SA in February 2007 for buying-in financial instruments following a delivery fail, with a view to clarifying and harmonising these rules across the different Euronext markets;
- > penalties levied by the clearing house and the central securities depository for delivery fails generated by their members in the financial instrument settlement processes;
- > the deployment in November 2007 of the shared ESES clearing and settlement platform at Euroclear France member firms.

⁹ Published in the AMF Monthly Review, number 36, May 2007

B – On-site inspections

As part of its Better Regulation initiative, the AMF has adopted a charter¹⁰ on the conduct of on-site inspections with a view to improving the way they are carried out. This charter is directed at all parties coming within the purview of AMF inspections. It informs them of the legal framework under which the AMF's inspectors are operating and lays down principles of conduct (cooperation, neutrality, courtesy, etc.) to be observed by inspectors and inspectees alike.

As in past years, CPIM participated in various projects to amend provisions of the AMF General Regulation, such as transposing MiFID implementing measures¹¹ and amending rules relating to the handling of deferred-settlement orders.

The decision to order an on-site inspection is taken by the AMF Secretary General. A written report of the inspection's findings is sent to the regulated entity for comment. If the report reveals substantial misconduct, it is forwarded to one of the AMF Board's three specialised commissions, which determines whether there are grounds for opening a sanction proceeding.

In all cases, a follow-up letter listing any required remedial actions is prepared after the inspection and sent to the inspected entity¹². In 2007, 100 such letters were sent.

The specialised commissions of the AMF Board acted on nine on-site inspection reports in 2007 by opening sanction proceedings against four individuals and six companies and forwarding two reports to the public prosecutor. In addition, two reports were sent to Tracfin¹³, one asset management company had its authorisation revoked, and an injunction was issued against another asset management company.

To perform inspections of entities under its supervision, the AMF may rely on external auditors in addition to its own staff. Outside auditors handled 49 of 105 inspections in 2007, with audit firms performing 42 and the Commission bancaire taking charge of seven.

When the AMF instructs outside auditors to work on its behalf, it first ensures there is no conflict of interest between the auditor and the company being audited. Auditors have the same statutory prerogatives as the regulator, which means that information may not be withheld from them on grounds of professional secrecy. By the same token, they are subject to the same professional secrecy requirements as AMF staff. The regulator is liable to third parties for its agents' compliance with law and regulations during these missions. The AMF also decides what action needs to be taken following audits. These missions are conducted under the supervision of the CPIM designated as the agent's correspondent.

In 2006, the AMF staff for the first time drew on the regional offices of the Banque de France (BdF) to carry out inspections as part of its audit of how shares in EDF were being marketed to the public. In 2007 the AMF again brought in the BdF regional offices to audit marketing of financial instruments and discretionary asset management for retail investors at six regional commercial banks.

Inspections in 2007 included:

- > 24 inspections of ISPs (18 asset management companies and 6 other categories of ISP) that had received authorisation in the preceding eighteen months and were being audited to ensure that the resources devoted to investment services were in compliance with the ISP's programme of operations as approved by the AMF;
- > 13 inspections relating to justification and documentation of declarations made by ISPs in their annual report on supervision of investment services;
- > 19 general inspections of compliance with professional obligations by ISPs;
- > Three inspections that looked at the activities of fund custodians;
- > Two inspections delegated to the clearing house on compliance with its own rules;

¹⁰ Available on the AMF's website under "Publications > Guides > Professional guides ».

¹¹ Directive 2004/39/EC of the European Parliament and the Council of 21 April 2004 on markets in financial instruments

¹² In accordance with Article 143-6 of the General Regulation of the AMF

¹³ Tracfin: financial intelligence unit charged with gathering information and coordinating action against illicit financial channels, under Articles L.562-4 and R.562-3 of the Monetary and Financial Code.

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- > Four inspections of compliance with professional obligations by ISPs that had entered into liquidity provider agreements;
- > One inspection relating to custody account keeping;
- > 12 inspections relating to marketing of financial instruments by ISPs other than asset management companies;
- > Five inspections relating to fund of hedge fund management at asset management companies;
- > One inspection of an asset management company specialised in real estate investment trusts (SCPIs);
- > Three investigations carried out on behalf of the Collective Investment Schemes Supervisory Commission of the Principality of Monaco.

The main problems noted during these inspections were:

- > shortcomings in customer due diligence;
- > deficiencies in marketing financial instruments or investment services only where suited to the customer's profile;
- > regulatory capital below the required minimum level for asset management companies or insufficiently prudent investment of assets representing shareholders' equity;
- > lack of written accounting procedures at custody account keepers;
- > inadequate supervisory resources for the ISP's activity and lack of formal documentation of internal controls;
- > improperly managed conflict-of-interest situations.

Lastly, in 2007 the AMF conducted on-site inspections of six asset management companies that subcontract the accounting management of their investment funds to third parties.

These audits looked at how the funds were marketed and how the subcontracted work was supervised by the asset management company. Although these audits have not called into question the principle of delegated fund accounting, they have shown a need for asset management companies to strengthen supervision of their agents for accounting management.

As is always the case when a provider has undergone an on-site inspection, the report issued upon conclusion of each of these audits was submitted to the inspected entity for comment. A "follow-up letter" was then sent, specifying the anomalies to be corrected and the deadlines for doing so.

3 – Investigations

If irregularities are suspected, the Secretary General of the AMF may open an investigation into possible market offences, such as insider dealing, price manipulation or dissemination of false information. The nature of investigations is such that they are never predictable: even the sequence of events cannot be ordered in advance, as it can be with an inspection, since each investigation depends greatly on the circumstances particular to a given affair. Generally, an investigation is undertaken only when a situation raises suspicions of an offence or rule violation, whether by an issuer, an individual or institutional investor, a market professional or any other person or entity.

A written report on every investigation is presented by the Secretary General to one of the AMF Board's specialised commissions, which may then decide to open sanction proceedings.

In 2007 the Secretary General of the AMF opened 92 investigations, and 96 investigations were closed. The proportion of investigations that gave rise to sanction proceedings increased compared with 2006.

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Number of investigations opened and closed

	2003	2004	2005	2006	2007
Investigations opened by the AMF	85	83	88	84	92
Investigations closed	79	90	91	105	96
Investigations giving rise to sanction proceedings	22	30	22	27	26

Source: AMF

A > Origin and classification of investigations

Most of the investigations were initiated on the basis of proposals submitted by the market surveillance department. Seven insider dealing investigations were launched as a result of STRs¹⁴ sent to the Investigations and Market Surveillance Division in accordance with the procedures set out in AMF Instruction 2006-01 of 24 January 2006.

Other investigations were initiated in response to notifications from other AMF divisions, particularly Corporate Finance, Corporate Accounting and Auditing, and Investment Services and Asset Management.

Lastly, some investigations originated from sources outside the AMF, such as investor complaints, requests for advice from judicial authorities in cases involving securities issuers or infringements committed during tender offers¹⁵ disclosures revealed by other French government authorities, and requests from foreign authorities with regulatory responsibilities equivalent to the AMF's¹⁶

Most of the investigations opened concern classic market offences or rule violations addressed in Book VI of the AMF General Regulation: insider dealing, dissemination of false information and price manipulation.

Table 1: Investigations opened in 2007, by reason¹⁷

Equity and fixed-income securities market (insider abuses or manoeuvres impairing orderly markets)	40
Financial disclosure	17
International cooperation	50
Total	107 *

Source: AMF

* The total is greater than the number of investigations opened (92) because some investigations concerned both the market in the security (price manipulation and insider dealing) and financial disclosure.

Ninety-two investigations were opened in 2007 (compared with 84 in 2006), and 96 were completed in 2007 (compared with 105 in 2006 and 91 in 2005). Overall, these figures reflect the significant increase in the past two years in the pace of activity in the markets. Most of the investigations have a marked international dimension, and increasingly they involve very large-capitalisation issuers. The complexity and diversity of the financial, legal and accounting issues encountered by the investigators was a further factor in the increase in activity during 2007.

Of the 96 investigations completed in 2007, 48 had been opened on the AMF's own initiative. Of these 48, 26 resulted in sanction proceedings, seven were closed, 12 resulted in one or more letters of comment, and one was referred to the public prosecutor (without a sanction proceeding).

The remaining 48 investigation reports were forwarded by the AMF to foreign counterparts under international cooperation arrangements.

¹⁴ In accordance with Article L.621-17-2 et seq. of the Monetary and Financial Code.

¹⁵ Referred to in Article L.466-1 of the Monetary and Financial Code

¹⁶ In accordance with Article L.621-21 of the Monetary and Financial Code

¹⁷ The reason indicated relates to the facts that prompted the opening of the investigation and does not prejudice its outcome.

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B – International cooperation

The AMF continued to cooperate with foreign regulators on matters involving market surveillance, investigations and exchanges of information on financial intermediaries.

The number of international requests received by the AMF was up again in 2007. The number of administrative requests which do not require an investigation remained high (see Table 3). (these are requests for information on the nature and scope of authorisations granted to companies regulated by the AMF, or on the good repute of individuals working in those firms).

Investigations opened in 2007 at the request of foreign authorities concerned primarily transactions made by intermediaries in France in securities listed on foreign markets.

The table below summarises the requests for assistance received by the AMF from foreign authorities in 2007, along with the requests made by the AMF to foreign authorities in the same year.

Table 2: Requests for assistance, by country

Country	2007		2006	
	Received by the AMF	Sent by the AMF	Received by the AMF	Sent by the AMF
Belgium	14	18	13	6
Germany	11	19	5	9
Israel	0	11	0	7
Italy	20	18	6	8
Luxembourg	14	14	15	4
Netherlands	32	25	21	17
Other ¹⁸	68	48	79	46
Spain	6	12	1	5
Switzerland	5	71	5	48
United Kingdom	15	125	10	110
United States	6	17	8	17
Total	191	378	163	277

Source: AMF

As in 2006, one-third of the AMF's requests for assistance went to the UK regulator, and again many requests were sent to the Swiss authorities.

¹⁸ Including in the "Other" item, because few in number or narrow in purpose, are requests from 26 countries, with numbers of requests ranging from just one from countries such as Australia and Norway to about ten each from Ireland, Monaco and Jersey

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Requests for assistance served a variety of needs, as shown in the table below.

Table 3: Requests for assistance, by type

	2007		2006	
	Received by the AMF	Sent by the AMF	Received by the AMF	Sent by the AMF
Authorisation				
Requests for information on intermediaries	95	37	100	32
Surveillance and investigation of infringements				
Requests for information on intermediaries, transactions and legislation	14	0	4	9
Use of inside information	67	276	50	182
Dissemination of false information	2	25	3	10
Infringements associated with offers of securities to the public	0	3	0	0
Price manipulation	10	19	5	24
Improper financial solicitation	0	0	1	0
Major shareholdings	1	7	0	8
Other	2	11	0	12
Total	191	378	163	277

Source: AMF

Investigations of insider dealing that required international cooperation accounted for most of the information requests (other than requests for information on intermediaries).

4 – Cases referred to other authorities

When the AMF finds evidence of acts that could fall under the jurisdiction of other judicial, administrative or self-regulatory authorities, it transmits its findings or reports to them for appropriate action.

A – Referral to the judicial authorities

There are two main legal requirements for referring matters to the judicial authorities: firstly, under Article L.621-20-1 of the Monetary and Financial Code, the AMF must notify the public prosecutor without delay when it obtains knowledge of a crime or offence¹⁹; secondly, the AMF Board must submit an investigation or inspection report immediately to the prosecutor for the Paris court if one of the complaints may constitute an offence under Articles L.465-1 (insider dealing) or L.465-2 (false information and price manipulation) of the Monetary and Financial Code.²⁰ Referral may also be prompted by a request for advice from the judicial authorities in court cases relating to public companies or offences committed in connection with public offerings²¹ or when a judicial inquiry has been opened on the same facts. Additionally, a matter may be referred to the competent prosecutor so that it can decide whether to take disciplinary action against one or more statutory auditors for breaches of professional ethics revealed by the investigation.

Lastly, providers' reports on supervision of investment services may be referred to the judicial authorities when there is evidence of possibly criminal violations of professional obligations.

In 2007 the AMF referred 22 investigation reports and one inspection report involving possibly criminal acts. Three inspection reports and 21 of the 22 investigation reports led to sanction proceedings by the AMF.

A total of 63 reports of investigations of market abuse reviewed by the AMF Board between 1 January 2004 and 31 December 2006 led to sanction proceedings before an AMF disciplinary

¹⁹ Article 40 of the Criminal Procedure Code and 621-20-1 of the Monetary and Financial Code

²⁰ Article L.621-15-1 of the Monetary and Financial Code

²¹ Article L.466-1 of the Monetary and Financial Code

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commission and simultaneous referral to the public prosecutor. To date, 48 cases have resulted in a sanction decision by the disciplinary commission, four have led to a judgement by the criminal court, and one case has been dismissed by the examining magistrate.

The average duration of proceedings, including the very complex cases that the AMF has recently had to deal with, is 31 months from the opening of the investigation to the decision of the disciplinary commission.

B – Referrals to administrative or self-regulatory authorities

During 2007 the AMF referred no investigation or inspection reports to French supervisory authorities (Banque de France, Commission bancaire, Comité des établissements de crédit et des entreprises d'investissement, Autorité de contrôle des assurances et des mutuelles and Comité des entreprises d'assurances)²².

Table 4: Summary of investigation and inspection reports referred by the AMF in 2006 and 2007

Referred to:	2006	2007
Administrative and self-regulatory authorities	3	0
Public prosecutor	23	25

²² Article L.631-1 of the Monetary and Financial Code.