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## **Individual shareholding: the Autorité des Marchés Financiers (AMF) publishes a study on communication practices among listed companies**

**The AMF is publishing a review of shareholder relations strategies and communication practices among listed companies. The first of its kind for the AMF, the study looks at the current situation and best practices at 80 issuers. Based on the findings, the AMF is rounding out its policy with a new position and recommendation.**

Ensuring that investors receive material information and that savings are protected are two of the AMF's core tasks. As a result, over the years the AMF has developed an array of initiatives aimed at individual shareholders as well as the professional community. Through conferences, educational guides and other publications, the AMF strives to highlight the benefits of investing in shares, while promoting best practices to support development in this area. As part of this, it recently conducted a study into shareholder relations arrangements at the 80 listed companies making up the CAC 40 and CAC PME<sup>(1)</sup>As at 1 January 2015. Euronext created the CAC PME index in February 2014. It comprises issuers that are listed on Euronext and AlterNext, that are eligible for inclusion in PEA-PMEs (tax-sheltered equity savings plans investing in the equity of small and medium-sized enterprises) and that are selected based on liquidity and free float criteria. indices.

The review, which is designed to offer operational insights, examined shareholder communication practices, looking for example at companies' knowledge of their

shareholders, communication procedures and tools, loyalty-building measures and consultation methods.

One of the main findings was the wide range of strategies used by listed companies:

- Some prefer not to address individual shareholders specifically and stick to providing the information required under the regulations, potentially supplementing this with communications targeting institutional investors;
- In some cases, market track-record, a fragmented shareholding base or reputation/image strategies may drive more dynamic strategies targeting individuals. Harnessing digital technologies, meeting with shareholders outside AGMs and putting on financial training courses are some of the ways in which issuers are reaching out to individual shareholders;
- Other firms pursue more aggressive approaches geared to attract new individual shareholders. However, it is still rare to see companies trying to raise awareness through video or advertising materials that take a more creative stance than that adopted for standard regulatory information;

To round out its review, the AMF created 12 briefing sheets covering usage and best practices in different areas, ranging from online/social media strategy to shareholder guides and consultative committees.

While the AMF does not endorse any particular tool or communication framework, it wants to share and develop them by bringing them to the attention of the Paris financial community. Given the steady decline in the number of individual shareholders in France over recent years<sup>(2)</sup>. There were 3.3 million direct shareholders in France in 2015 compared with 6.6 million in 2009 (source: TNS Sofres –Sofia study on retail savers and investors)., the retail strategies of listed companies offer a way to promote equity investment among individuals.

The study published today is being accompanied by updates to AMF policy on the following topics:

- AMF Position DOC-2015-10 on communication by companies on the costs linked to holding securities in pure registered form
- AMF Recommendation DOC-2015-09 on communication by companies aimed at promoting their securities among individual investors

### About the AMF

*The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected, providing investors with adequate information and supervising the orderly operation of markets. Visit our website [www.amf-france.org](http://www.amf-france.org)*

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[1] As at 1 January 2015. Euronext created the CAC PME index in February 2014. It comprises issuers that are listed on Euronext and AlterNext, that are eligible for inclusion in PEA-PMEs (tax-sheltered equity savings plans investing in the equity of small and medium-sized enterprises) and that are selected based on liquidity and free float criteria.

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