



AUTORITÉ
DES MARCHÉS FINANCIERS

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Marketing of financial instruments: the AMF publishes the summary of the good and bad practices observed during its inspections

Between the end of 2016 and the end of 2017 the Autorité des Marchés Financiers conducted a series of inspections relating to the marketing of various financial instruments among a population of an advanced age. Armed with its observations, it draws up an inventory of practices and issues reminders of the applicable rules.

As part of its new #Supervision2022 strategy, at the beginning of the year the AMF announced its intention to conduct more brief and thematic inspections as well as its willingness to share the lessons learned from these exercises. Hence today it is releasing the summary of inspections carried out between the end of 2016 and the end of 2017 on the marketing of financial instruments based on rules imposed by the Markets in Financial Instruments Directive in effect since 1 November 2007.

These inspections covered the marketing of Redeemable Subordinated Notes (RSNs), shares in Sociétés Civiles de Placement Immobilier (SCPIs – real estate investment companies) and Euro Medium-Term Notes (EMTNs) by mutual banking networks, a domestic banking network and service providers specialising in SCPI distribution. For most of these inspections the subscriptions analysed were made by a client base of private individuals of an advanced age.

The inspections focused in particular on:

- the marketing procedures in force within the institutions and the training of the networks responsible for marketing;
- the content and methods of information provision to clients;
- the collection of information about clients (their investment knowledge and experience, their desired investment horizon and risk level, and their financial situation);
- the identification and formalisation of the investment service provided as well as its suitability for the client profile.

The inspections identified good practices:

- satisfactory provision of information to clients by the banking networks about the remuneration they receive from their group's issuers;
- remuneration arrangements for sales staff that did not seem to cause conflicts of interest (with one exception);
- client knowledge questionnaires that were often recent at the time of the investment advice or subscription.

On the other hand, inadequacies were also identified in relation to the following points:

- institutions' understanding of the link between the investment advice and the reception and transmission of orders, with cases where the institutions should have refrained from giving advice;
- the traceability of the investment advice;
- cases of failure to take account of clients' profiles or investment objectives;
- the assessment of clients' investment knowledge and experience.

Armed with these findings, the AMF deemed it necessary in its summary document to remind institutions of the applicable rules for investment advice, which derive from MiFID I and are still relevant within the framework of MiFID II or, as the case may be, have been supplemented within the scope of MiFID II. At the end of these inspections the AMF sent the institutions inspected follow-up letters requesting them to remedy the observed cases of non-compliance with the duty to refrain from giving advice and of the unsuitability of advice.

About the AMF

The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected, that investors are provided with adequate information and supervising the orderly operation of markets. Visit our website www.amf-france.org.

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