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23 May 2019

The Enforcement Committee of the Autorité des Marchés Financiers fines Hedios Patrimoine for breaching its professional obligations as a financial investment advisor

In its decision of 20 May 2019, the Enforcement Committee declared that it had jurisdiction to examine objections brought against Hedios Patrimoine, issued a warning to the company and imposed a fine of €50,000 for breaching several of its professional obligations.

Between 1 January 2016 and 15 March 2017, Hedios Patrimoine marketed Euro Medium Term Notes, as well as several collective investment undertakings, via internet.

In response to a plea of lack of jurisdiction raised by Hedios Patrimoine, which argued that it was not operating as a financial investment advisor, the Enforcement Committee carried out an in-depth analysis of its situation and noted that at the time of the events, Hedios Patrimoine:

- was registered as a financial investment adviser and was a member of an approved association in that capacity;
- had undertaken to comply with the professional obligations of financial investment advisors to investment management companies that manage collective investment undertakings;

- systematically collected information from its potential clients at the initial contact stage about their assets, investment objectives, experience and financial risk profile;
- signed its promotional emails, during the product marketing stage, stating solely its status as a financial investment advisor.

In light of the above, the Enforcement Committee declared that it did have jurisdiction to hear all the notified objections, without also being required to demonstrate that personalised recommendations had been issued and notwithstanding the fact that none of the potential clients of Hedios Patrimoine had, at the initial contact stage, subscribed to the fee-paying investment guidance option that Hedios Patrimoine was offering them.

The Enforcement Committee therefore sanctioned Hedios Patrimoine:

- on one hand, for having presented itself, in its initial contact document, as a direct marketer of banking and financial services appointed by an investment management company, despite the fact that the agreement it had signed with this investment management company expressly excluded any direct marketing mandate;
- on the other hand, for having provided some of its clients with an order reception and transmission service without having concluded an agreement prior to this service stating the rights and obligations of each party.

An appeal may be brought against the Enforcement Committee's decision.

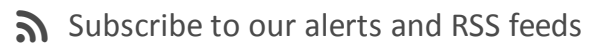
About the Enforcement Committee

The Enforcement Committee, which is made up of judges and professionals, has total freedom to make decisions. It can impose sanctions on any person or company whose practices contravene laws and regulations that fall within the jurisdiction of the AMF. It ratifies settlement agreements signed by the Secretary General and respondents. And it takes part in the AMF's educational efforts by clarifying financial regulations when explaining its decisions.

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