



AUTORITÉ
DES MARCHÉS FINANCIERS

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Chairmen's reports on internal control and risk management procedures for financial year 2014 : the AMF releases its annual study

As it does every year, the Autorité des Marchés Financiers (AMF) has published its study of chairmen's reports on internal control and risk management procedures. An analysis of the reports published in respect of financial year 2014 shows that practices regarding the information on internal control and risk management procedures have changed little overall, and that these reports contain few new elements.

Study sample

The AMF's analysis focused on reports covering financial year 2014 published by 50 Compartment A issuers (33 companies in the CAC 40 and 17 from outside the CAC 40). It excluded foreign companies, credit institutions, insurance companies and companies that publish an annual report but not a registration document.

General observations

A majority of issuers (58% of those in the sample) use the AMF's reference framework, although some issuers only use the COSO framework (10%) with respect to internal control procedures. 32% of the issuers studied use both the AMF reference framework and the COSO framework.

In their Chairmen's reports, 98% of issuers describe the procedures and risks related to preparing and handling financial and accounting information.

Like previous studies, this one showed that the vast majority of reports (74%) make it easy to establish a link between the risk management procedures adopted and the issuer's activities/strategy. Similarly, 82% of the reports contain a link to the "risk factors" section of the registration document.

A closer look at additional information on risks and their management in other sections of the registration document

In addition to analysing the chairmen's reports, the study shows that on average, issuers in the sample cited 23 risks (including five financial risks), generally split into five categories (operational risk, financial risk, legal risk, etc.).

The reports establish a link between the risk factors section and the notes to the financial statements in 96% of cases for financial risks and in 82% of cases for non-financial risks. Links with the information in the management report are less common.

There was little change in the information given on risks and the procedures used to manage those risks in registration documents (including in chairmen's reports) from one year to the next. Where there were changes, no special mention was made.

Lastly, the study showed that information clarifying the expected impacts of certain risks could be more useful if combined with information on issuer risks for which the impacts are measurable and significant, provided that divulging the information does not undermine protection of the issuer's legitimate business interests and trade secrets.

Proposed changes to chairmen's report requirements

An AMF working group led by Mr Jean-Claude Hanus published a report on the Chairman's report on internal control and risk management procedures on 1 February 2016. Its work led the group to propose three legislative changes aimed at eliminating the Chairman's report as it exists today in favour of a single document collecting all information on risks.

Read more

Study of chairmen's reports on internal control and risk management procedures
📄 for financial year 2014 (In French only)

Press release : The AMF has published the results of its consultation on proposed changes to the requirements concerning the chairman's report on internal control

and risk management


Report of chairman's report on internal control and risk management procedures

(In French only)

Results of the public consultation on proposals in the working group's report of chairman's report on internal control and risk management procedures (In French

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