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## Investigate and Inspect

**Investigations and inspections are conducted by AMF investigators and inspectors, who work closely with other French and foreign authorities that supervise the banking and finance industries. The Board may decide to initiate sanction or settlement proceedings on the basis of the reports relating to investigations and inspections.**

### Investigations

#### Purpose of investigations

The purpose of investigations is to identify perpetrators of possible stock market offences, whether they involve a listed company, a retail or institutional investor or a market professional.

#### Scope of an investigation

The investigation covers one or more facts or events that could constitute stock market offences, such as:

- market abuse (insider dealing, price manipulation or dissemination of false information),
- all acts that are likely to undermine investor protection and interfere with the proper functioning of markets (in terms of financial information provided by listed companies or

the distribution of financial instruments),

- transactions by companies and their executives in the securities of these companies.

## Opening an investigation

It is the AMF Secretary General who decides to open an investigation based on observations gathered during market supervision, the monitoring of listed companies, information sent to the AMF or at the request of foreign authorities. The AMF Secretary General authorises the investigators by name.

## Investigation procedure

The investigation procedure is governed by law and the AMF General Regulation. It is set out in a charter that specifies a certain number of principles of good conduct applied by the investigators, as well as the behaviour expected of the persons questioned during the investigations.



### Powers of investigators

Investigators, against whom professional secrecy may not be invoked (except by officers of the court, or on grounds of defence secrecy, may:

- > request to receive all documents;
- > hear all persons who may be of interest to the investigation;
- > access professional premises;
- > carry out home visits and seize documents by a substantiated order by the custodial judge of the competent court.

The investigators gather information, which includes press releases from listed companies, trading data, statutory auditors' reports, correspondence, diaries, bank statements, telephone records, trading room telephone recordings and international requests.

- 1 • They analyse the data collected.

- 2 • They conduct interviews of persons likely to contribute to the progress of the investigation.
- 3 • Before closing an investigation, the AMF Investigations Directorate sends a letter to persons likely to be implicated, setting out its analysis of the factual and legal information gathered during the investigation. If they so wish, these persons have one month to respond.
- 4 • The investigators draft an investigation report that states whether the facts constitute market offences of an administrative and/or criminal nature.
- 5 • The Secretary General sends the investigation report to the AMF Board. The report is not made public. This is because the AMF is bound by professional secrecy and presumption of innocence obligations.

### Two-person investigation team

Investigations are usually conducted by a team of two specially appointed and individually designated investigators. The diversity of professional backgrounds of the investigators makes it possible to bring together all the necessary technical and legal skills (auditors, accountants, actuaries, lawyers, legal specialists, engineers, magistrates, data scientists, quants, law enforcement officers, tax inspectors, Banque de France inspectors, market professionals, etc.).

### The possible outcomes of an investigation

Following examination of the investigation report, the Board, as the AMF's prosecuting authority, decides on the action to be taken:

- Serve a statement of objections to the defendant and open sanction proceedings,
- Serve a statement of objections to the defendant and propose a settlement,
- Transfer the case to the Public Prosecutor's Office if the facts noted in the report point to a criminal offence,
- Transfer to other French or foreign administrative authorities for matters within their jurisdiction,
- Send a letter of observations to persons under investigation to remind them of current obligations,
- Close the case.

## Inspection of professionals

### Purpose of inspections

The purpose of AMF inspections is to ensure that industry professionals regulated by the AMF and the individuals acting under their authority or on their behalf meet their professional obligations.

### Scope of inspections

Inspections cover:

- Portfolio asset management companies, investment companies, credit institutions and investment services providers,
- Market operators that run regulated markets in France,
- Investment companies that operate a multilateral trading facility (MTF) in France,
- Organised trading platforms (OTF) operating in France,
- Systematic internalisers registered in France,
- Post-trade infrastructures (clearing houses and central securities depositories) operating in France,
- Miscellaneous asset intermediaries,
- Financial investment advisers (FIA), crowdfunding investment advisers and their industry associations.

### Powers of inspectors

Inspectors may:

- > requisition any document/information from all persons: audited entity, third person (statutory auditor, depository, client, etc.),
- > order any information to be retained,
- > hear all persons including members of the audited entity, third persons,

> access professional premises.

## Opening an inspection

The AMF Secretary General takes the decision to open an inspection following a risk-based approach that considers events, behaviour or incidents likely to constitute a breach of professional obligations). He issues an nominatively

designated inspection order to inspectors, specifying the purpose of the inspection.

## Inspection procedure

### *Inspection procedure*

#### Two-person inspection team

The inspection is usually conducted by a team of two specially appointed and individually designated inspectors. The diversity of professional backgrounds of the inspectors makes it possible to bring together all the necessary technical and legal skills (auditors, accountants, lawyers, legal specialists, engineers, tax inspectors, Banque de France inspectors, compliance officers, market professionals, etc.).

## CHARTERS

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Investigation Guide




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## Keywords

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