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The AMF Enforcement Committee fines a biotechnology company and its chairman for breaching the obligation to disclose inside information as soon as possible

In its decision of 1 October 2019, the Enforcement Committee imposed on Biophytis and its chairman, Stanislas Veillet, penalties amounting to, respectively, €100,000 and €20,000 for breaching their obligation to disclose inside information to the market as soon as possible. This information concerned a significant delay in the launch of phase 2 clinical trials of two flagship drug candidates.

The Enforcement Committee considered that, as of 31 December 2015, the information concerning the significant delay in the launch of phase 2 clinical trials of its BIO101 and BIO201 products did correspond to the definition of inside information, since it was of a precise nature, had not been made public and was likely to have a significant effect on the share price.

The precise nature of this information resulted from the fact that, on this date, the company knew that it would not receive the authorisations to launch phase 2 clinical trials for several months, contrary to what it had stated in its base document published at the time of its IPO several months earlier. However, these clinical trials were a decisive step in the process that could lead to the award of a marketing authorisation for these products.

The Enforcement Committee also noted that this delay had not been made public before 29 April 2016.

After an extensive analysis of the specific context of Biophytis, the Enforcement Committee also held that the information relating to the significant delay in the launch of phase 2 clinical trials of its flagship products was likely to have a significant effect on the share price of this biotech company, given that investors were following the development of these products in accordance with the schedule disclosed by the company. This delay therefore constituted negative information that could give cause for concern.

The Enforcement Committee concluded that there should have been prompt disclosure of this inside information to the market, which Biophytis failed to do by waiting nearly four months before disclosing it.

An appeal may be lodged against this 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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