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## The AMF proposes several targeted measures concerning shareholder activism

France saw unprecedented debate in 2019 on the behaviour of "activist" funds and the need to govern such practices better. As regulator, and following on from the public reports on this subject, the Autorité des Marchés Financiers proposes a number of targeted measures to enhance transparency for the market and dialogue between issuers and shareholders.

The various studies conducted in 2019 on shareholder activism gave rise to several recommendations, some of which concern the resources and powers of the Autorité des Marchés Financiers (AMF). In light of the implications for the Paris marketplace, the AMF is making its contribution to the debate today in the form of a report.

The active involvement of shareholders in the life of listed companies is a necessary condition for their proper functioning and sound governance. In this respect, the AMF considers that it should be encouraged. For the regulator, the challenge therefore is not how to prevent activism, but how to set limits and make sure that it is able to control excesses.

As the regulations currently stand, the AMF considers that no major change is required to the applicable legal framework.

The aim of the AMF proposals is to:

- enhance transparency on stake-building and knowledge of the shareholder structure, by lowering the first legal notification threshold and making public any statutory threshold crossing reported to the company;
- ensure better information for the market regarding investors' financial exposure, by supplementing the reporting on net short positions by information on the debt instruments also held by the investor (bonds and credit default swaps, for example). The AMF will support such proposals on the European level;
- foster an open, loyal dialogue between listed companies and their shareholders: the AMF will supplement its guide on ongoing information and management of inside information to include certain developments on shareholder dialogue. It will add to its policy to specify that, subject to compliance with the rules on market abuse, issuers may provide the market with any necessary information in reply to public statements concerning them, even during "quiet periods". It will also recommend that any shareholder who initiates a public campaign should immediately disclose to the issuer in question the material information that it would send to the other shareholders;
- increase the analysis and response capabilities of the AMF to enable swift and appropriate answers when the circumstances so require: for example, via the introduction of a power to impose fines with regard to administrative injunctions and the possibility to order any investor, and no longer only an issuer, to make corrective or supplementary publications if errors or omissions have been identified in its public statements.

#### *About the AMF*

*The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected and that investors are provided with adequate information. The AMF also supervises the orderly operations of markets. Visit our website <https://www.amf-france.org>. URL = [https://www.amf-france.org/]*

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