



AUTORITÉ
DES MARCHÉS FINANCIERS

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Stock Exchange: all holders of joint securities accounts should be able to place a buy order during an open-price offer (OPO)

All individuals authorised to issue a buy order during an open price offer (OPO), and who are holders of a securities account enabling the purchase of shares, must be able to place their orders with their financial intermediary.

This also applies to all individuals who are holders of a joint securities account, as presented in the case outlined this month.

The facts

Mr. L. had a joint securities account with his wife Mrs. L.

The couple had wanted to take part in the public offer for sale of Française des Jeux (FDJ), as part of an open price offer (OPO), a procedure reserved for individual investors that took place between 7 November 2019 and 19 November 2019. Mr. L. transferred the sums required for this offer to his joint securities account.

He wanted to place two orders, one for himself and the other for his wife.



He placed a first A order (priority order) and then tried to place a second order, in the name of his wife. However, this order was not fulfilled.

He contacted his account-keeper who informed him that with their in-house software application, he could not place more than one order from his account.

In the end, Mr. L. was able to place only one order for which he was allocated 117 FDJ shares in accordance with the allocation rate published by Euronext at the end of the OPO.

Mr L. complained to the customer service on 20 November 2019, and was informed that only one priority order could be placed per individual person and per account, all brokers combined, and that these instructions had been clearly specified on the account-keeper's website during the subscription period.

Given that a joint account is held by two individuals, which means that each one of them can place a separate order, Mr. L. requested my intervention to seek compensation for the financial loss that he considers to have suffered since he was not allowed to place his second order. He is asking for the 97 additional shares that he should have received if he had been able to place a second priority order, and potentially nine bonus shares (one bonus share for ten shares held for at least 18 months, as provided for during the privatisation operation).

Investigation

After carefully examining the observations of the institution in question, I observed on one hand that during the three phone calls made between 12 and 13 November 2019, the institution had explained to Mr. L. that it was technically impossible for it to proceed with the request to place a second order with its joint securities account, since its platform did not have this technical capability.

I noted on the other hand that Mr. L. had announced that he had a joint securities account in the books of another account keeping institution, which he could have used to place the second order, as he had already done in the past for another OPO.

I asked Mr. L. why he had not placed his second order through this other institution, after he had been informed on 12 and 13 November 2019, and knowing the technical difficulties faced by his financial intermediary, since he had presented this institution as a possible solution. Mr. L. explained to me that given the rates of this institution, he used them only for a few rare transactions. I therefore noted that he could have used this other institution to place his second order, and thus keep the damage to a minimum, since he had been informed of the difficulties encountered by his financial intermediary six days before the end of the OPO.



At the same time, I asked the institution in question for explanations regarding the information made available or sent to its clients with joint securities accounts, prior to the FDJ OPO, and in particular in the account agreement, regarding the impossibility for them to place a second order, i.e. one per individual holding a joint account. This information would enable me to verify that the institution had indeed fulfilled its obligation to provide information.

The institution did not send me any information that would have enabled me to note that it had provided said information. It had for that matter acknowledged that Mr. L.'s request was legitimate, although it did not have the technical capacity to fulfil it.

Recommendation

It appeared to me that Mr. L. had suffered two types of loss:

- one resulting from the failure to take into account his second order for his wife
- the other following the loss of the opportunity of obtaining additional free shares if he kept these shares for 18 months

Regarding the calculation of the loss resulting from the failure to take the second order into account, Mr L. should have been able to acquire 97 shares on behalf of his spouse.

Consequently, I proposed to the financial institution in question to pay him the difference between the rate fixed during the OPO, i.e. €19.5, and the rate on 6 April 2020, i.e. approximately 21 euros, being: $(97 \times 21 = 2,037) - (97 \times 1,891.5) = €145.5$.

However, with regard to the loss resulting from the allocation of bonus shares (1 bonus share for every 10 held), in respect of the 97 additional shares that Mr L. could have acquired for his spouse, provided that he kept them for 18 months, since this loss was not certain, I therefore proposed to the establishment to pay him a lump sum, calculated on the basis of the share price on 6 April 2020, i.e. approximately €210, up to 50%, i.e. € 105.

In all, the sum that I proposed that the financial institution against which the case was brought pay to Mr. L. was €250 after rounding off.

The many discussions with the institution have borne fruit and, in the light of the latest developments, it has agreed to comply with my request and has offered to pay Mr L. the sum of €250 as compensation.




Lessons to be learned

The specific feature of a joint account is that it has several holders. In this respect, when there is a joint securities account, it should be possible to place two separate orders during an OPO, one for each individual who is the holder and is authorised to issue an order under an OPO (it should be noted that these are ordinary securities accounts: an equity-based savings scheme (PEA) cannot be a joint securities account).

Nevertheless, for financial intermediaries whose platform does not have this technical feature, I strongly recommend that they inform the joint account holders in advance, either in the account agreement or at least prior to any OPO.

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