

Book III - Service providers

Title I - Investment services providers

Chapter III - Financial instrument governance requirements

Section 2 - Financial instrument governance obligations for distributors

General regulation of the AMF

Article 313-19 into force from 03 January 2018 to 21 November 2022

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Article 313-19

The distributor shall have in place adequate financial instrument governance arrangements to ensure that financial instruments and services it intends to offer or recommend are compatible with the needs, characteristics, and objectives of an identified target market and that the intended distribution strategy is consistent with the identified target market.

It shall identify and assess the circumstances and needs of the clients it intends to focus on, so as to ensure that clients' interests are not compromised as a result of commercial or funding pressures.

As part of this process, it shall identify any group(s) of clients for whose needs, characteristics and objectives the financial instrument or service is not compatible.

The distributor shall obtain from the manufacturer or the person referred to in Article 313-1 (II) information to gain the necessary understanding and knowledge of the financial instruments it intends to recommend or sell in order to ensure that these instruments will be distributed in accordance with the needs, characteristics and objectives of the identified target market.

The distributor shall also take all reasonable steps to ensure it also obtains adequate and reliable information from any person referred to in Article 313-1 (III) to ensure that financial instruments will be distributed in accordance with the characteristics,

objectives and needs of the target market.

Where relevant information is not publicly available, the distributor shall take the necessary steps to obtain such relevant information from the person referred to in Article 313-1 (III) or from anyone acting on that person's behalf.

Acceptable publicly available information is information which is clear, reliable and produced to meet legal or regulatory requirements, such as investor disclosure requirements under Directive 2003/71/EC of 4 November 2003 or Directive 2004/109/EC of 15 December 2004.

This obligation applies to products sold on primary and secondary markets and shall apply in a proportionate manner, depending on the degree to which publicly available information is obtainable and the complexity of the product.

The distributor shall use the information obtained from the persons referred to Article 313-1 (I to III) and information on its own clients to identify the target market and distribution strategy.

When a distributor acts both as a manufacturer and a distributor, only one target market assessment shall be required.

✚ Version into force since 22 November 2022

✚ **Version into force from 3 January 2018 to 21 November 2022**