



Autorité des marchés financiers

# 2014 Key figures and highlights

AUTORITÉ  
DES MARCHÉS FINANCIERS



# 2014 key figures

## AMF

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**457** employees

Operating income : **€91.36 million**

Operating expenses : **€90.18 million**

## Investors information

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**12 108** queries processed by our information helpline Epargne Info Service, **71%** of which came from individuals

**4 803** advertisements and marketing materials examined, across all media

**21** warnings published, concerning especially platforms specialised in trading Forex or binary options

**37 000** clicks from persons involved about misleading advertisement, released by the AMF during its first large-scale communication campaign on the dangers of Forex

**3** mystery shopping campaigns carried out in 2014, on 3 different themes: private banks, online banks and the recurring theme of the risk-averse, risk-loving scenario

**5** new Consomag series television produced in 2014 in partnership with the National Consumers Institute and broadcast on France Television channels

## Mediation

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**1 001** mediation queries received in 2014, **55%** of which were inside the jurisdiction of the AMF

**969** cases processed, including **506** in the jurisdiction of the AMF, which resulted in **276** opinions from the Ombudsman. The **463** cases outside the jurisdiction of the AMF's Ombudsman were redirected to the competent authorities

**81%** of mediation files were processed within 6 months of their receipt

## Corporate financing and disclosures

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- 449** approvals on corporate finance transactions issued by the AMF in 2014, including **38** compliance decisions for take-over bids
- 28** initial public offerings, including **19** on a regulated market that raised nearly **€4.3 billion**
- 211** approvals for transactions in debt securities

## Monitoring financial intermediaries and savings products

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- 634** asset management companies, including **48** authorised in 2014
- 77%** of asset management companies authorised in 2014 in less than **75** days
- 11 542** funds in 2014 representing assets under management of **€1,349 billion**
- 1 045** funds authorised in 2014
- 412** investment services providers (excluding asset management companies)
- 4 909** financial investment advisors

## Market surveillance, inspections and investigations

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- €1.2 billion** transactions reported to the AMF
- The AMF supervised **960** shares, more than **2,600** debt securities, nearly **25,000** warrants and certificates as well as agricultural-commodity derivative instruments
- 46** inspection reports of financial institutions and financial investment advisors completed
- 68** investigations completed, including **41** in the context of international cooperation
- 25** statements of objections sent to respondents (10 investigations and 15 inspections)

## Settlements and sanctions

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- 9** settlement agreements ratified by the Enforcement Committee resulting in **€1 million** paid to the Treasury
- 24** decisions taken by the Enforcement Committee. These decisions concerned **53** individuals, and **34** legal entities
- 79** fines issued for amounts ranging from **€5,000 to €8 million**, representing a total amount of **€32.86 million**
- 13** disciplinary sanctions issued ranging from a warning to a permanent ban on conducting any business

# 2014 highlights

At European level, 2014 saw the continued overhaul of the Financial Instruments Markets directive. The ESMA, along with all European regulators, undertook to define measures for the application of the new framework defined by the legislator. Europe also adopted the regulation on the key information on investment products (PRIIPS) document and the revised UCITS directive (UCITS V), which strengthens the system applicable to depositories in charge of managing assets and oversees the remuneration policy for fund managers to avoid excessive risk-taking. It also continued its work on the framework for monetary funds and those of reference indices.

2014 was also an important year for France, with the AIFM directive coming into effect and some provisions for the EMIR regulation, the inclusion in the AMF General Regulation of the measures set out in the Act of Separation and Regulation of Banking Activities and the Act aimed at restoring the real economy. At the same time, the AMF undertook a series of new measures on Forex. It also introduced new initiatives to make the framework of initial public offerings more competitive, to support issuers in their communication efforts in view of the rising power of social networks.

## Investigations, inspections and sanctions

### Increased severity over the years

Over a total of 24 decisions, the Enforcement Committee issued 79 financial penalties totaling €32.86 million against 30 legal entities and 49 natural persons. This is the largest cumulative amount since AMF was established. The changes observed over the last few years reflect an increasing severity. The AMF has seen its powers strengthened in recent years and the sanctions ceiling has been raised to €100 million following the Act of 22 October 2010 on banking and financial regulations. The AMF and its Enforcement Committee are endeavouring to conduct investigations and sanction procedures within short deadlines, on average over two and a half years, adjusted to suit the financial markets.

### An update of the investigation and inspection charters

As a result of new legislative and regulatory provisions, including the Act on the Separation and Regulation of Banking Activities, the AMF has updated its investigation and inspection charters to take account of new powers granted to it. Thus, investigators and inspectors can now use a borrowed digital identity. In addition, investigators can, under certain conditions, conduct searches.

## Investor protection

### Unprecedented measures against the dangers of the Forex

In the face of the rise in claims received by the Investor's helpline Épargne Info Service concerning Forex trading and the indisputable results of a study carried out among approved players on the losses recorded by retail clients, the AMF has decided on new measures. In October 2014, it launched its first digital campaign to alert retail investors of the dangers of Forex trading. This communication campaign focused on the mechanisms habitually used by companies in this sector to attract new investors. In parallel, the AMF applied to the courts to block access for French Internet users to some sites offering their services that do not have the necessary authorisations. In September 2014, for the first time the Paris High Court granted this request for four websites. Finally, the AMF continued, together with the Autorité de contrôle prudentiel et de résolution (ACPR, the French banking and insurance sectors supervisor), to update their lists of non-authorized companies offering Forex and binary option trading.

### Issuing alerts and warnings

Alerted over new cases of alleged fraud or attempted marketing on French territory by companies that do not have the required authorisations, the AMF issued several warnings or alerts during the year. It cautioned the public against pyramid investment schemes which promise extraordinary returns and which are based on a system of recruitment, sponsorship or membership.

## **New mystery shopping**

After conducting eight mystery shopping campaigns among the main retail banks, the AMF concentrated its efforts on private banks, in addition to its recurring visits, during a campaign conducted in July and September 2013 and whose conclusions were made public in 2014. This campaign involved a close examination of the prospective customer and its request, based on a more in-depth questionnaire than that used for the retail banks.

## **Restated vigilance on the distribution of savings products**

In the framework of their joint unit, the AMF and the ACPR clarified their expectations with regard to the content of the agreements between producers and distributors of life insurance policies or financial instruments. These agreements govern the relations between the two parties regarding advertising and product information. In fact, they represent an effective tool to protect customers by disseminating clear and accurate information on the product being marketed and by providing appropriate advice.

## **An on-going educational role**

Information and education are ways of accompanying retail investors in their investment choice. The AMF, in partnership with the National Consumers Institute, produced a new Consomag series of television programmes. Their aim was both to give retail investors tips to help them with their financial planning for retirement and to set up an employee savings plan. Trading on binary options and Forex was also covered, as was the usefulness of competition with regard to the costs of financial investments.

In the autumn, the AMF also published the second edition of its shareholders' guide on voting in shareholders meetings. The AMF identified the resolutions most frequently presented, explained and suggested pointers for shareholders to determine their vote.

## **The modernisation of the regulatory framework**

### **The regulation for AIF managers has been implemented**

In view of 22 July 2014, when the AIFM directive came into force, AMF has made changes to its General Regulation as a result of the transposition of the directive of 22 July 2013. The latest amendments were approved in February 2014. The AMF also continued to update its policy, initiated in 2013, to implement the obligations laid down by the AIFM directive, particularly concerning the information procedures for marketing financial products, such as shares or units in collective investment schemes and competitive measures decided during the transposition.

Finally, a decree of 14 November 2014 helped to clarify the criteria for determining if a fund manager of a securitisation undertaking was covered or not by the directive.

### **Measures anticipating MiFID II**

Pursuant to the provisions of the Act of 26 July 2013 on the Separation and Regulation of Banking Activities, the AMF introduced measures in its General Regulation aimed at strengthening the resilience of regulated markets and multilateral trading facilities. These provisions require procedures to guarantee the robustness of the trading systems (tests, continuity of activities) and safety mechanisms in the event of clearly erroneous orders or important variations in market prices. An article now requires the AMF to be notified when automated processing facilities (algorithms) are employed. Finally, at the end of the year, the AMF submitted the introduction of new provisions on financial instruments whose underlying asset is an agricultural-commodity for consultation. These provisions provide for more transparency and set limits on the positions accumulated by each participant in these markets.

## **A clear framework for crowdfunding**

After having participated in the discussions for a regulatory framework to enable the development of crowdfunding in 2013 which led to the creation of the status of crowdfunding advisors, the AMF and the ACPR issued a joint position statement that clarified the regulatory framework for crowdfunding. In parallel, the two authorities published an information guide on this framework for platforms, project leaders and investors. Lastly, in an instruction, the AMF specified the minimum information that platforms should provide to investors.

## **The framework of public offerings reformed**

The Act of 29 March 2014 aimed at restoring the real economy has introduced new provisions regarding takeover bids. The AMF therefore adapted its rules to introduce a 50% of the capital and voting rights mandatory acceptance condition for take-over bids and reduce the so-called "acquisition speed limit" from 2% to 1%. Now, a shareholder holding between 30 and 50% of the capital of a listed company cannot increase its shareholding by more than 1% over a 12-month period, without being required to make a takeover bid. The changes to the General Regulations also focused on strengthening the role of the works council in the takeover process and abandoning the principle of the neutrality of management bodies during the takeover period.

## **Recommendations on financial information**

In anticipation of the revised Transparency directive which provides for the deletion of quarterly information, the AMF worked on a draft recommendation, which was published last October on the following points: the choice to publish this type of information; the exact, specific and sincere nature of any information; the principle of equality of access to information and compliance with the permanent information obligations. This mechanism came into effect on 3 February 2015. The AMF also focused on communications by listed companies on social networks. It presented what it considers to be good practice in terms of accessibility and updating of information in a policy document. It also stated that these media could not be the first or only means of disseminating information which could have a significant influence on market price.

## **Financial transactions and corporate governance**

### **A more competitive mechanism for IPO**

In a more favourable environment for initial public offerings, the AMF entrusted the review of the framework of these transactions to a working group in order to make it more competitive, while maintaining access for retail investors. The guidelines considered included greater flexibility over the rules on price regulating and the possibility for individuals to withdraw their orders placed online until the offer has closed. They have since been the subject of a position-recommendation and changes to the General Regulations, approved in January 2015.

### **Discussions on disposals of strategic assets**

After the SFR-Numericable and Alstom-General Electric transactions, the AMF wanted a study to be carried out on the advisability of a stronger framework for disposals of strategic assets. An ad hoc group was set up, whose findings in favour of a prior consultation of the general Shareholders' Meeting were published in February 2015. The AMF should finalise work on the subject by this summer.

### **A positive assessment of corporate governance practices**

The 2014 edition of the AMF's report on corporate governance and executive pay in listed companies was an opportunity to observe a new improvement in governance and transparency practices concerning the appointment of a senior board director, diversity within the boards and information on variable compensations. The AMF also assessed the implementation of the AFEP-MEDEF code revised in 2013, and in particular the "say on pay". In 2014, the AMF reiterated its recommendations on the criteria of independence of directors. It also issued guidelines for discussions on the clarifications that the AFEP-MEDEF code could provide on criteria relating to business relations, on the Chairman of the Board of Directors or on the guidance on multi-year compensation.

## CONTACTS

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