
第二届中法金融论坛
2nd SINO-FRENCH FINANCIAL FORUM

How to deal with information and prospectus ?

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How to deal with Financial Information and Prospectus :

Corporate Finance Division of the French Regulator

– the Autorité des Marchés Financiers (AMF) –

from a practical point of view.

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How to deal with Financial Information and Prospectus : Corporate Finance Division of the French Regulator - the Autorité des Marchés Financiers (AMF) - from a practical point of view. [1/7]

- Who are we : Role and missions of the AMF's Corporate Finance Division
 - I. Approve prospectuses established for the purpose of IPOs.
 - II. Approve prospectuses established for the purpose of offers of securities for issuers already listed.
 - III. Control the effective issuance and the content of issuers' periodic and ongoing information,
 - IV. Ensure the attractiveness, the security, and the liquidity of the different segments of our financial market through the definition of accepted market practices and the prevention and repression of market abuses (insider dealing and market manipulation).
 - V. Control the compliance of tender offers with applicable laws and regulations.
- Who are we : Corporate Finance Division teams.
 - 55 persons in 4 Departments
 - Managed by Benoît de Juvigny, Managing Director
 - Staff dedicated to assisting and controlling foreign issuers.
- Cooperation with the Investigation and Market Surveillance Division

How to deal with Financial Information and Prospectus : Corporate Finance Division of the French Regulator - the Autorité des Marchés Financiers (AMF) - from a practical point of view. [2/7]

I. & II. Approval of prospectuses.

Cases where the approval of a prospectus by the AMF is required :

- IPOs
- Financial Operations,
on different Market segments.

Exception : Alternext's professional compartment (Offering Circular)

Filing of a draft prospectus and documentation.

- Together with the filing of the draft prospectus, the documentation needed to scrutinize the File must be submitted to the AMF.

Content of a prospectus : EU Regulation (n°809/2004)

- See Appendix

How to deal with Financial Information and Prospectus : Corporate Finance Division of the French Regulator - the Autorité des Marchés Financiers (AMF) - from a practical point of view. [3/7]

I. & II. Approval of prospectuses (cont')

- Conditions for issuance of approval of the prospectus by the AMF
 - After constructive scrutiny and discussions between the staff of the AMF Corporate Finance Division and the issuers and their advisors on the prospectus (among other issues), and when the AMF considers legal and regulatory requirements have been met, the AMF issues its approval on the final version of the prospectus.
 - Before issuing its approval, the AMF obtains statements from the banks or investment firms taking part to the admission and/or offer *.
 - Before issuing its approval, the AMF obtains a letter from the statutory auditors concerning the contents of the final version of the prospectus. *

* not mandatory for the professional compartment

How to deal with Financial Information and Prospectus : Corporate Finance Division of the French Regulator - the Autorité des Marchés Financiers (AMF) - from a practical point of view. [4/7]

III. Periodic and ongoing disclosure obligations for companies listed on French Markets :

- Apart from special lightened provisions concerning specific market segments, the main periodic and ongoing disclosure obligations are as follows :
- Issuers whose securities are admitted to trading on Euronext Paris (regulated market) must disseminate, file with the AMF and post on their website :
 - An Annual Financial report, within 4 months of the end of their financial year.
 - A Half yearly Financial report, within 2 months of the end of the first 6 months of their financial year.
 - Interim management statements (Q1 and Q3)
 - Price Sensitive Information (PSI) and corresponding press releases.
 - Shares Buy Back Information.
- The AMF controls the effective disclosure of periodic and price sensitive information, and ‘a posteriori’ controls the content of this information :
 - Information provided to the public must be accurate, precise and fairly presented
 - Power of injunction when issuers fail to comply with their obligations.

How to deal with Financial Information and Prospectus : Corporate Finance Division of the French Regulator - the Autorité des Marchés Financiers (AMF) - from a practical point of view. [5/7]

III. Periodic and ongoing disclosure obligations for companies listed on French Markets (cont') :

- AMF's recommendations and guidance

The AMF regularly publishes recommendations and guidance on the implementation of its rules to :

- Help market participants
 - Ensure a consistent implementation
 - Improve quality of information
 - Give recommendations and guidance which are established in cooperation with the parties involved (issuers, banks & investment firms, lawyers...)
- Recommendations & guidance published
 - AMF recommendations regarding financial statements for 2007
 - Recommendations on the summary of prospectuses
 - Recommendations on estimates
 - Guidance on profit forecasts
 - Calculation of major holdings

How to deal with Financial Information and Prospectus : Corporate Finance Division of the French Regulator - the Autorité des Marchés Financiers (AMF) - from a practical point of view. [6/7]

IV. Ensure the attractiveness, the security, and the liquidity of the different segments of our financial market through the definition of accepted market practices and the prevention and repression of market abuses (insider trading and market manipulation) in cooperation with the Investigation and Market Surveillance Division :

- Accepted market practices
 - Liquidity contracts
 - Share Buy Backs for the purpose of acquiring companies or businesses.
- Insider dealing
- Abstention requirements
- Price Manipulation
- Breaches in relation to the dissemination of information :
Dissemination of false information.

How to deal with Financial Information and Prospectus : Corporate Finance Division of the French Regulator - the Autorité des Marchés Financiers (AMF) - from a practical point of view. [7/7]

● CONCLUSION :

- IPOs in France follow a simple clearly defined process, and the AMF has dedicated staff to both assist and control foreign issuers' to comply with well identified laws and regulations.
- Language of Prospectus and Periodic and On going Information.
- Companies listed in France may also have easy access to and be listed on other European markets, through a well run-in procedure known as “passporting of prospectuses”

**How to deal with Financial Information and Prospectus :
The practical point of view of the Corporate Finance Division of the French
Regulator – the Autorité des Marchés Financiers (AMF) – Appendix**

Appendix

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I. & II. Approval of prospectuses (Appendix)

Prospectuses established

- for the purpose of IPOs
- Or for the purpose of offers to the public of securities by already listed issuers.

shall be approved by the AMF.

Different market segments on which a prospectus has to be approved by the AMF :

- Eurolist (regulated market) for large or medium issuers
- The professional compartment of Eurolist for large companies who want to be listed on a regulated market (Eurolist) but with no offering to the public in France.
- Alternext (organised multilateral trading facility) for small and mid caps.

Professional compartment of Alternext (Listing but with no offering to the public) : No prospectus but an Offering Circular

How to deal with Financial Information and Prospectus : The practical point of view of the Corporate Finance Division of the French Regulator – the Autorité des Marchés Financiers (AMF) – Appendix

I. & II. Approval of prospectuses (Appendix)

Filing of a draft prospectus and documentation.

- Person or entities issuing financial instruments to the public or seeking to be listed on Eurolist or Alternext shall file a draft prospectus with AMF.
- Together with the filing of the draft prospectus, the documentation needed to scrutinize the File shall be submitted to the AMF.
 - The content of this documentation is specified in an AMF instruction

Instruction 2005-11 of 13 december 2005 :

http://www.amf-france.org/documents/general/7571_1.pdf

How to deal with Financial Information and Prospectus : The practical point of view of the Corporate Finance Division of the French Regulator – the Autorité des Marchés Financiers (AMF) – Appendix

I. & II. Approval of prospectuses (Appendix)

- What is the content of a Prospectus ?
 - The content of the Prospectus is defined by an EU regulation (n°809/2004)
 - This regulation can be found on the following website
http://ec.europa.eu/internal_market/securities/docs/prospectus/reg-2004-809/reg-2004-809_en.pdf
- Prospectuses are comprised of :
 - A description of the company which can consist in :
 - A “Base” Document (IPOs) or
 - A Registration Document or
 - A specific section of the prospectus.
 - A Securities note
 - A Summary note

How to deal with Financial Information and Prospectus : The practical point of view of the Corporate Finance Division of the French Regulator – the Autorité des Marchés Financiers (AMF) – Appendix

I. & II. Approval of prospectuses (Appendix)

- What are the main issues to be dealt with in the description of the company to be provided in a prospectus ?,

(among the 25 sections of Annex 1 of the above-mentioned EU regulation n°809/2004) :

- Statement of the persons responsible for the information presented in the prospectus
- Identity of the statutory auditors
- Selected Key Financial Data
- Risk factors specific to the company
- History of the company
- Companies included in the consolidated financial statements
- Business Overview
- Property Plant and Equipment
- Capital Resources
- Research & Development ; Patents and Licences
- Administrative, management and supervisory bodies
- Corporate Governance : Independent board members, committees, management holding and remuneration, poison pills
- Major Shareholders and shareholders structure
- Audited historical financial information covering the latest 3 financial years, with the last 2 years compliant with the IFRS or Gaaps considered as equivalent to the IFRS.
- Information concerning share capital, memorandum and articles of association.

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I. & II. Approval of prospectuses (Appendix)

- What is the main Information required in a Share Securities Note (Annex III of the above-mentioned EU regulation n°809/2004):
 - Risk factors
 - Use of proceeds
 - Key Information:
 - Working capital Statement
 - Capitalization and indebtedness
 - Reasons for the offer and use of proceeds
 - Information concerning the security to be offered / admitted to trading :
 - Terms and conditions of the Offer
 - Conditions, expected timetable and action required to subscribe shares
 - Plan of distribution and allotment
 - Pricing
 - Placing and underwriting
 - Admission to trading and dealing arrangements
 - Selling Securities holders
 - Expense related to the issue-Offer
 - Dilution

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I. & II. Approval of prospectuses (Appendix)

- Specificities concerning the Offer Price in IPOs :
 - Obligation to include in the prospectus
 - Final price and amount of securities or
 - Criteria and/or conditions in accordance with which they will be determined or maximum price.

Otherwise purchases or subscriptions can be withdrawn during at least 2 days after the final price is determined and made public

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I. & II. Approval of prospectuses (Appendix)

- In what language shall a prospectus be written ?
 - The Prospectus (comprising of a Registration or “Base” document or a specific section describing the company + a Securities Note + a Summary Note) can be written in English (or in French, of course !).
 - If the prospectus is written in English, the Summary and only the Summary has to be translated in French.
- Equivalence of a prospectus approved by an other Authority ?
 - There are indeed conditions under which a prospectus approved by an other Authority can be considered as equivalent and thus approved by the AMF within a shortened period of time and after limited scrutiny.
- Prospectus approved by the AMF / Europe.
 - Once approved by the AMF, a prospectus can be very quickly “passeported” through Europe and become effective in other countries, consistently with European running procedures.

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III. Periodic and ongoing disclosure obligations for companies listed on French Markets (Appendix) :

- Issues related to periodic information and PSI
 - Language used for periodic and ongoing information
 - Equivalence of some of the financial information disseminated on another market :
 - Financial results announcements :
 - Review of the press releases and announcements (annual results)
 - Focus on non IFRS financial data