

2nd SINO-FRENCH FINANCIAL FORUM

***Listing regulatory framework : Major innovations
implemented by the AMF in the past two years***

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Background

- From 2003 to 2006, intensive regulatory activity mostly concerning the transposition of European Directives in particular the Prospectus, Transparency and Market Abuse Directives
- At the end of 2006, the AMF launched its «better regulation» approach

Major innovations concerning listings

- As part of the better regulation approach, three major innovations regarding the listing regulatory framework have been implemented:
 - **Simplified or « simple track » examination and approval procedure for certain corporate finance transactions undertaken by «eligible » companies;**
 - **Adjustements to the financial regulations for small and medium size companies;**
 - **Creation of a professional segment in the regulated market.**

Simple track procedure

- Companies wishing to use this “simple track” procedure must have filed three registration documents and be up to date with their periodic and ongoing disclosures
- The company’s request to benefit from the “simple track” procedure will be processed within 48 hours and the prospectus will be reviewed within the next three working days
- The procedure applies to three types of transactions which benefit from a standardised format : capital increases with and without pre-emption rights and convertible bonds
- The prospectus must be presented in a standard format. The listing sponsor must certify that the prospectus complies with the standard format

Changes to financial regulations for SMEs

- Definition of a small and mi cap companies : a company with a market capitalisation of less than 1 billion euros
- Two special guides to help these companies to prepare their registration documents and implement the reference framework for internal control
- Simplify dealings between companies and the AMF's operational departements

Professional market

- Definition

- A segment in the regulated market for listings without a prior public offering in France
- Private individuals may only invest in securities in this segment if it is solely on their own initiative
- All European Directives applicable to regulated markets, including the Market Abuse, Prospectus and Transparency Directives, apply. Consequently, securities listed on the segment enjoy all the benefits of regulated markets, such as prospectus passporting and investor's eligibility rules

Professional market

- Listing requirements have been simplified
 - No need for a statement by the investment services provider
 - The prospectus can be drawn up in a language customary in the sphere of finance. No need to translate the summary
- Streamlined permanent and periodic reporting requirements
 - All regulatory information can be published in a language customary in the sphere of finance (English)
- Dedicated resources
 - Special desk in the Corporate Finance Division manned by two members of the staff

Professional market

- Streamlined procedures for reviewing applications
 - **When one of the following conditions is met:**
 - ⇒ **A listing sponsor statement is voluntarily submitted to the AMF before approval is granted;**
 - ⇒ **an application has been made to admit the financial instruments to trading on a regulated market or the financial instruments are already admitted to trading on a market in a third country whose legislation is recognised as equivalent by the AMF => USA and Israel so far.**
 - **The timeframe for the AMF's review is reduced to five working days**
 - **Far fewer documents are needed for the application**

Corporate governance and internal control procedures

- The AMF has launched several initiatives regarding the corporate governance and internal control disclosures, in particular:
 - **The AMF set up a working group on enhancing shareholder's rights;**
 - **The AMF has developed a reference framework for internal control;**
 - **The AMF has set up a working group on major shareholdings.**
- In addition, the AMF publishes an annual report on information disclosed by listed companies on corporate governance and internal control procedures.