

Recommendation

Communication by companies aimed at promoting their securities to individual investors - DOC-2015-09

Reference text: Article 223-1 of the AMF General Regulation

As the number of individual shareholders in France declines, some listed companies are trying to communicate with the general public in novel ways in a bid to attract new shareholders.

For example, a number of companies have sought to draw attention to their advantages as a financial investment by publishing a short list of factors that might inform a shareholder's decision to invest in the firm. In this context, they have drafted documents or prepared sections of their websites with titles such as "Why invest in [company]?", or "Five good reasons to invest in [company]".

While such publications may usefully guide individual investors by highlighting company-specific aspects, the AMF wishes to reiterate the need to provide fairly presented financial information.

Recommendation:

To ensure that information is fairly presented, the AMF recommends that if companies whose shares are admitted to trading on a regulated market or an organised multilateral trading facility issue information to the general public about their specific advantages as a financial investment, such companies should include in the same document a clear and obvious link to their presentation of risk factors.

In general, the AMF urges companies whose shares are admitted to trading on a regulated market or an organised multilateral trading facility to explain their strategy in an educational and balanced manner. In particular, issuers could inform individual shareholders about future challenges and how their strategy equips them to meet these challenges.

Some companies have also told the AMF that they intend to organise advertising campaigns to promote their shares and encourage individuals to become shareholders.

Articles 212-28 and 212-29 of the AMF General Regulation govern promotional communication relating to a public offering or admission to trading on a regulated market.

Promotional communication, and hence advertising, must comply with the principles of ongoing financial communication at all times. Accordingly, companies whose shares are admitted to trading on a regulated market or an organised multilateral trading facility and that are planning to organise advertising campaigns to promote their shares must take care to provide accurate information that is fairly presented and non-misleading.

Recommendation:

Based on the rules and practices observed in the advertising of corporate finance transactions, the AMF is recommending that issuers organising advertising campaigns to promote their shares outside the window of a corporate financial transaction should always include a reference to their registration document (or annual financial report), saying where it may be consulted, and draw the public's attention to the risk factors mentioned in that document.

These recommendations are made without prejudice to the rules applicable to communication relating to a public offering or admission to trading on a regulated market or organised multilateral trading facility.