Created in 2005, the Observatoire de la Communication Financière (L’OCF) is an association that serves as a forum for the observation of financial communication and promotes exchanges amongst financial market professionals.

This initiative is intended primarily to provide listed companies of all sizes, for the very first time, with a multidisciplinary perspective on the main challenges of financial communication and to promote best practices in the field.

L’OCF members base their work on three complementary areas:

- **Observation and analysis** of changes in the financial communication landscape and their impact on listed companies’ practices, through research papers and surveys.

- **Debates** about issuers’ standpoints with market opinion at conferences, and participation in open discussions on the subject.

- **Assistance** to listed companies in resolving various types of financial communication issues, through workshops and the publication of benchmark analysis.
The present edition is an enhanced version of the original publication dated April 2008 and takes into account new regulations up to June 2016.

The online version of this guide includes, in Part II, examples of press releases illustrating different financial communication situations.
The information that companies produce for investors, shareholders and various other stakeholders is increasingly extensive and detailed.

In 2015, against this backdrop, market regulators attempted to help companies to improve the relevance, consistency and readability of their financial information across all disclosure channels, be it in press releases announcing results, financial statements or annual reports. For example, the presentation of risks in the Chairman’s report was reviewed by the AMF, a guide was published to help companies make their financial statements more relevant, consistent and readable, and guidance was issued on applying the principle of materiality.

In 2016, listed companies will have three new regulations to consider and anticipate.

On July 3, 2016, the new market abuse regulation and related delegated regulations take effect, notably governing when and under what conditions an issuer may delay the disclosure of insider information.

On this same date, the European Securities and Markets Authority (ESMA) guidelines on performance measures also come into force. Under these guidelines, companies will be asked to give precise definitions of the measures they use, to reconcile them with the figures in the financial statements, and not to give them greater importance, emphasis or supremacy than measures taken directly from the financial statements.

Lastly, issuers will have to prepare for the implementation of new accounting standards, particularly IFRS 15 on revenue recognition, which is due to take effect in 2018. It is important that listed companies carry out an in-depth review in 2016 of how these new regulations will change the way they recognise contracts and transactions, and provide qualitative information on the impacts as the review progresses. They should also start preparing to meet the expectations of the market, which will want a rough estimate of the size of these impacts by 2017.

The latest edition of the guide – which serves as a reference manual complete with an outline of best practices that professionals can apply to improve the quality of information provided to the markets – will prove extremely useful for investor relations managers and executives of listed companies.

June 2016
For the ninth consecutive year, the Observatoire de la Communication Financière or the OCF publishes its updated guide on the rules and practices of financial communication.

This guide owes its existence to the ongoing ambition to assist listed companies and their management who, conscious of the importance of financial communication, are confronted by the increased complexity of financial markets and the proliferation of legal constraints. Its existence is also thanks to the constant observation, analysis and confrontation of opinions and expertise of the members of the OCF. The OCF has the particularity of bringing together the complementary experience of its different representatives with Bredin Prat, the legal advisers, the Cliff, the IR association, PwC, the auditors, and the SFAF, the analysts association, combined with the participation of Euronext, the Paris stock market.

This publication conceived for listed companies aims to be simple, synoptic and educational. We hope it provides its users with the means to react in an appropriate manner to their daily needs in financial communication matters by supplying them the essential elements to properly execute their obligations. This guide is also translated into English in order to reach a wider and international audience.

Among the changes in the 2016 edition feature a broader definition of regulated information, which now includes information on threshold crossings, and the latest recommendations and positions from the AMF, notably on the disclosure of results and alternative performance measures, pro forma information, executive compensation and communication to individual investors. This year’s edition also covers major upcoming changes to ongoing information and management of insider information resulting from the application of the European market abuse regulation, which will have a potentially significant impact on financial communication.
We sincerely hope that this "Financial Communication: Framework and Practice" guide will help the different actors of financial communication, not only the management and investor relations professionals of listed companies, but also all the other actors in the financial markets, to better respond to the need for transparency and improve best practices in the Paris stock market. In next year’s edition, to mark the tenth and thirtieth anniversaries of this guide and the Cliff, respectively, we will take a look back over the major changes in financial communication and highlight the ongoing need for industry-standard guidelines.

Happy reading!

June 2016
Financial communication is a vital component of market transparency and constitutes a key element for investor confidence and the credibility and quality of a financial marketplace as a whole.

The framework of financial communication by issuers has undergone deep changes in recent years, with an increase in the number of requirements and ways of communicating as well as the diversification of interested audiences.

The regulation of financial communication is moreover very heterogeneous: some aspects of an issuer’s financial communication are defined by very precise rules, while other aspects are covered by the application of broad principles that may be interpreted under the responsibility of the issuer.

The increased transparency required in the financial markets and the increasing complexity of regulatory constraints, imposing financial information burdens upon issuers – especially due to the multiple and complex nature of legislative texts – have led the largest listed companies to structure their financial communication into specialised departments, whose responsibilities have been broadening incessantly in recent years and whose functions are continually evolving.

Under these conditions, it has become important that every person who participates in the preparation of an issuer’s financial communication has a guide listing market practices.
This guide “Financial Communication: Framework and Practices” has been designed principally as an informative tool for senior management and the persons in charge of financial communication within listed companies.

The general idea that preceded the preparation of this guide was to define the level of information that may reasonably be communicated to the market to satisfy its expectations, while at the same time limiting the exposure of the issuer and its executive management to any risk of liability.

The primary objective of the guide is therefore to help the senior management of listed companies to make fully-informed decisions with regard to financial communication.

The first part of this guide outlines the general principles of financial communication; the second part presents the framework of financial communication and different circumstances to which it is applied; and the third part discusses financial communication practices.
## Contents

### Introduction

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. General Principles of Financial Communication</td>
<td>12</td>
</tr>
<tr>
<td>1. Notions of periodic information, ongoing information and regulatory information</td>
<td>14</td>
</tr>
<tr>
<td>2. Principle of equal access to information</td>
<td>16</td>
</tr>
<tr>
<td>3. Principle of consistency</td>
<td>17</td>
</tr>
<tr>
<td>4. Dissemination of accurate, true and fair information</td>
<td>17</td>
</tr>
<tr>
<td>5. Requirement for market disclosure of “insider information” concerning the issuer</td>
<td>18</td>
</tr>
<tr>
<td>6. Complete and effective dissemination of regulatory information</td>
<td>20</td>
</tr>
<tr>
<td>7. Archiving and transparency of regulatory information</td>
<td>21</td>
</tr>
<tr>
<td>8. Financial communication language</td>
<td>21</td>
</tr>
</tbody>
</table>

### 2. Framework for Financial Communication

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Disclosures of periodic information</td>
<td>27</td>
</tr>
<tr>
<td>2. Disclosure of estimates or prospective information</td>
<td>43</td>
</tr>
<tr>
<td>3. Events associated with a company’s business</td>
<td>48</td>
</tr>
<tr>
<td>4. Corporate governance</td>
<td>51</td>
</tr>
<tr>
<td>5. Events affecting the shareholding structure</td>
<td>57</td>
</tr>
<tr>
<td>6. Risks and litigation</td>
<td>65</td>
</tr>
<tr>
<td>7. Rumours and leaked information</td>
<td>67</td>
</tr>
<tr>
<td>8. Mergers and acquisitions</td>
<td>68</td>
</tr>
<tr>
<td>9. Financial transactions</td>
<td>82</td>
</tr>
</tbody>
</table>
## 3. Financial Communication Practices

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Calendar and organisation</td>
<td>95</td>
</tr>
<tr>
<td>2 Financial marketing and targeting</td>
<td>100</td>
</tr>
<tr>
<td>3 Implementation of financial communication</td>
<td>105</td>
</tr>
<tr>
<td>4 Providing management with feedback on market perceptions</td>
<td>119</td>
</tr>
</tbody>
</table>

Corporate disclosure policy                                           | 122  |
Appendix The registration document                                    | 123  |
Index Regulatory texts                                                 | 133  |
Alphabetical index                                                     | 140  |
General Principles of Financial Communication

Despite the diversity of communication situations, it is possible to provide certain general principles applicable to financial information, of which, the most important are described hereafter.
Part 1

1 Notions of periodic information, ongoing information and regulatory information
   - Periodic information
   - Ongoing information
   - Regulatory information

2 Principle of equal access to information

3 Principle of consistency

4 Dissemination of accurate, true and fair information

5 Requirement for market disclosure of “insider information” concerning the issuer

6 Complete and effective dissemination of regulatory information

7 Archiving and transparency of regulatory information

8 Financial communication language
   - Regulatory information
   - Prospectus
   - Other information disseminated by the issuer
1 NOTIONS OF PERIODIC INFORMATION, ONGOING INFORMATION AND REGULATORY INFORMATION

Financial information is subject to thorough and often complex regulations which distinguish between “periodic information,” “ongoing information” and “regulatory information.”

PERIODIC INFORMATION

Periodic information is provided by companies whose securities are admitted to trading on a regulated market at regular intervals, annually and half-yearly on a mandatory basis and quarterly on a voluntary basis. The requirement to publish quarterly financial information ended on January 1, 2015.

Periodic information most notably includes the requirement to disclose an annual financial report and a half-yearly report under the conditions defined by the AMF’s General Regulations\(^1\) as well as to file the issuer’s annual management report and appendices at the commercial court registry as specified by the French Commercial Code.

ONGOING INFORMATION

Ongoing information is information disseminated by any company whose securities are admitted to trading on a regulated market or an organised multilateral trading facility in compliance with the requirement imposed on them to inform the public without delay of all information likely, should it be made public, to have a material impact on the share price. Ongoing information also includes disclosures related to the crossing of thresholds or share transactions made by an issuer’s executives or board members. Ongoing information is an indispensable tool for the market transparency of securities to the degree that transparency can only be effectively ensured if, independently of the periodic information communicated, investors are informed of any significant new event likely to provoke a material change in share price. Requirements imposed upon issuers with respect to ongoing information are primarily the result of articles 223-1 A et seq. of the AMF’s General Regulations. On April 20, 2016, the AMF launched a public consultation process prior to the application of the Market Abuse Directive to prepare a Position/Recommendation on ongoing information and the management of insider information. The purpose of this document is to update guidelines applicable to issuers and to consolidate positions and recommendations already issued on this subject by the AMF and the European Securities and Markets Authority (ESMA) within a single guide.

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\(^1\) - Articles L. 451-1-2 et seq. of the French Monetary and Financial Code.
Finally, in addition to periodic and ongoing information, it should be noted that issuers are required to provide market information through the publication of a prospectus when their securities are offered to the public or admitted to trading on a regulated market and must also respect certain requirements with respect to the regulations concerning M&As (most notably, the requirement that the offeror and the target company publish information in the form of an offer document).

REGULATORY INFORMATION

Documents and information disseminated with respect to periodic and ongoing information make up “regulatory information” for which dissemination to the public is subject to specific regulations provided for in the AMF’s General Regulations.

The content of this regulatory information, which is detailed in this guide, will differ depending on whether the issuer’s securities are admitted to trading on a regulated market or on an organised multilateral trading facility.

In the first case, regulatory information includes the following documents which are listed in article 221-1 of the AMF’s General Regulations:
- the annual financial report;
- the half-yearly financial report;
- the report on government payments provided for in article L. 225-102-3 of the French Commercial Code;
- for corporations, report on internal control and risk management procedures\(^2\) and the reports of the independent auditors on the aforementioned report;
- the publication of a notice concerning the fees paid to statutory auditors;
- information related to the number of voting rights and the number of shares which make up paid-in capital;
- a description of share buy-back programmes;
- a notice describing how a prospectus is made available;
- insider information\(^3\);
- a notice describing the means by which information will be made available to shareholders prior to a shareholders’ meeting (documentation listed in article R. 225-83 of the French Commercial Code);
- the information provided for in article 223-21 of the AMF’s General Regulations (modifications to rights relating to different categories of shares, modifications to issuance conditions likely to have a direct impact on the rights of holders of non-equity instruments);
- the declaration relating to the competent authority which controls the regulatory information;
- the disclosures related to the crossing of thresholds (provided for in paragraphs I, II and III of articles L. 233-7 of the French Commercial Code).

In the second case, regulatory information only includes notices related to share repurchase program prospectuses, insider information and the publication of prospectuses.

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2 - Following the report of a working group chaired by Jean-Claude Hanus and a public consultation process, in February 2016 the AMF submitted proposals for legislative regulatory changes to the French Minister for Justice (Garde des Sceaux) to include the information contained in the chairman’s report on internal control and risk management procedures within the management report and to eliminate the specific statutory auditors’ report on this matter.

3 - Quarterly financial information, which has been optional since January 1, 2015, is no longer deemed to be regulatory information and may constitute insider information (see Part II, Section 1 “Disclosure of quarterly or interim information”). Consequently, it will thenceforth be disclosed as ongoing information (see Part I, Section 5 “Requirement for market disclosure of ‘insider information’ concerning the issuer”).
2. PRINCIPLE OF EQUAL ACCESS TO INFORMATION

In order to ensure perfectly equal access to information for shareholders, when communicating insider information to a third party who is not bound by a confidentiality undertaking, the issuer must assure effective and complete dissemination either simultaneously, in the case of intentional communication, or as quickly as possible, in the case of unintentional communication (the issuer will, for example, be required to publicly disseminate such information in the case that confidential information is communicated to an analyst during a one-on-one meeting or during a roadshow). Issuers with websites that have information spaces reserved for members of their shareholders' clubs need to be especially careful in this regard.

In addition, with the same concern for equal access, the information disseminated must be accessible to all investors simultaneously in order to avoid creating an unfair distribution of information which favours certain investors to the detriment of others.

Assuming that an issuer or any of its subsidiaries are listed in a foreign country, the information must be disseminated simultaneously in France and the foreign country.

It should be noted that the principle must be applied both for the dissemination by a press release and for the notification or the filing of documentation with foreign authorities (for example, the 6K report in the USA).

Issuers are also recommended to disclose financial information outside of market trading hours in order to permit all investors to assimilate the information before the beginning of trading to avoid turbulent changes in the issuer’s share price. In that respect, even if the French legal transposition of the directive on financial instruments markets (the MiFID) put an end to the requirement to concentrate market transactions on the regulated markets and welcomed alternative means of executing transactions, the majority of share transactions for French issuers listed on Euronext remains on Euronext. Under those conditions, the opening and closing market hours of the Paris Stock Exchange will continue to provide the appropriate reference for the publication of information by companies listed on Euronext.

In the case of a multi-listing, it is recommended that issuers adapt their dissemination procedures to avoid disclosing significant new events while the market is still open. The standard practice for French companies is nevertheless to base themselves on the Paris Stock Exchange’s (Euronext) trading hours. They do however retain the right to use another stock exchange’s hours as a reference.

Finally, in order to respect the principle of equal access to information for all shareholders, in the case that an issuer holds a significant stake in another listed company, it is essential that the communication calendars of the issuer and that company are coordinated.

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4 - Even in the absence of any disclosure of insider information, a simple recommendation to a third party based on insider information may constitute insider trading (AMF sanction, April 16, 2013, confirmed by the Conseil d’État (France’s highest administrative court) on July 10, 2015 in ruling no. 369454, 1st and 6th sub-sections).
3 PRINCIPLE OF CONSISTENCY

According to the principle of consistency, the communication of information must be considered by the issuer in light of prior communication practices in order to avoid misleading investors.

Specifically, the issuer must maintain the same treatment regarding communication of information likely to impact its share price either upwards or downwards.

In applying the principle of consistency, the issuer must also ensure the consistency of all information disseminated, regardless of the date, format or recipient of the information. In particular, financial information disseminated through the written press must be consistent with information disseminated by electronic means. This requirement for consistency implies the implementation by the issuer of a pre-dissemination control process and the centralization of information disseminated.

In accordance with the principle of consistency, if the issuer chooses to disclose indicators in addition to those in its financial statements (i.e., alternative performance measures) or supplemental business segment information, such information must be consistent over time. Any changes that reflect changes in the issuer’s strategic focuses must be explained in all of the communication materials used.

4 DISSEMINATION OF ACCURATE, TRUE AND FAIR INFORMATION

Information released to the public must be accurate, true and fair. These requirements apply as much to regulatory disclosures as to information disclosed on a voluntary basis.

Information provided to the public by the issuer must be accurate, which means without errors.

Information provided to the public must also be true, that is to say, the issuer must communicate, in a way that leaves no room for ambiguity, all of the details related to the event which is the subject of the communication to the market so that the market can evaluate the impact of the event and the outlook for the issuer.

Under case law, information is true if it is complete; the dissemination of information which is, in fact, accurate could be untrue if the issuer has omitted certain information which would have been likely to change the evaluation of its situation by the market.

Information provided by the issuer must be fair. The fairness of the information provided implies that both the positive and negative components related to the information under consideration are communicated. This is also linked to the principle of consistency described above.
5 REQUIREMENT FOR MARKET DISCLOSURE OF “INSIDER INFORMATION” CONCERNING THE ISSUER

For periodic information or for specific circumstances within which regulations require disclosure, the driver of the disclosure requirement is based upon one or several objective criteria which require no judgement on the part of the issuer. The issuer must promptly publish an annual report with respect to each financial year (periodic information) or publish a prospectus when its securities are offered to the public or admitted to trading on a regulated market.

On the other hand, for ongoing information, it is the responsibility of the issuer to determine whether or not this information should be disclosed to the public in accordance with the principles contained in the AMF’s General Regulations. Consequently, it is recommended that issuers devise internal procedures to assess whether or not a given piece of information constitutes insider information.

In principle, whenever an issuer has precise information at its disposal concerning itself and that information is not known to the public, the disclosure of that information to the public is necessary as soon as the information, if it were known, would have a material impact on the share price. Information of that nature is deemed to be “insider information” as defined by market regulations. With regard to the first requirement for information to be true or “precise”, the Court of Justice of the European Union in its judgment of March 11, 2015 (C 628/13) specified that information is considered as being true if it at least partially influences a reasonable investor’s decision to make an investment, even if this information cannot be used to infer that the price of the financial instruments concerned will change in a particular direction.

Taken literally, this decision gives the obligation to disclose ongoing financial information a significantly broader scope. In the same judgement, the Court of Justice reaffirmed that the definition of insider information is the same regardless of whether there is an obligation to disclose information or an obligation to refrain from trading (insider dealing).

In principle, the issuer must disclose this information as soon as possible if its financial instruments have been admitted or subject to a request for admission to a regulated market, MTF or OTF. In the case of MTFs or OTFs, the issuer is deemed to have complied with this obligation once they transmit the information using electronic means to one of the primary information providers registered on a list published by the AMF.

Nonetheless, subject to the following three cumulative conditions and under its own responsibility, the issuer can decide to defer the disclosure of insider information:

- A legitimate interest exists for the issuer to defer the dissemination. In this case, the issuer merely has to refer to its corporate purpose or a vague general principle such as business confidentiality or strategic or economic interest to justify deferring dissemination. In its draft technical standards on the Market Abuse Regulation published on January
28, 2016, ESMA provides a non-exhaustive indicative list of legitimate interests that would justify the issuer deferring the dissemination of insider information. Examples of such legitimate interests include:

- immediate disclosure would jeopardise the outcome of negotiations in progress;
- a risk that disclosure of serious financial difficulties being experienced by the issuer could seriously undermine shareholder rights by jeopardising the outcome of negotiations being conducted to get the issuer back on a sound financial footing;
- the threat that a premature announcement of the development of a product or invention could pose for an issuer’s intellectual and industrial property rights;
- the risk that disclosure of the requirements of a public authority prior to approving a previously-announced transaction may affect the issuer’s ability to comply with said requirements and complete the transaction; and
- the fact that decisions taken or agreements entered into by the issuer’s management have not yet been approved by an executive board (other than a shareholders’ meeting) convened to deliberate if (i) immediate disclosure of this information prior to such approval risks distorting how it is perceived by the public, (ii) an announcement explaining that approval is expected would adversely affect the decision-making freedom of this executive board, (iii) the issuer has taken every possible step to ensure that the executive board will approve the decision on the same day, and (iv) the decision of the board convened to deliberate on the decision taken by the executive board cannot be anticipated.

The absence of communication must not result in the public being misled. In the opinion of ESMA, deferring dissemination would be likely to mislead the public if the undisclosed insider information:

- is materially different from a previous disclosure by the issuer on the same topic;
- concerns a risk that the previously-announced financial objectives may not be met;
- differs from market expectations and such expectations are based around signals previously given by the issuer.

The issuer must be capable of maintaining the confidentiality of the information.

In particular the issuer must put in place effective internal measures which limit access to the insider information to persons who need it in order to perform their functions and the issuer must ensure that all persons having access to its insider information are advised that they are required to maintain the confidentiality of said information. The issuer must also deploy the processes necessary for ensuring immediate, accurate, true and fair disclosure if it is unable to ensure confidentiality, especially when there is a sufficiently detailed rumour referring explicitly to the insider information whose disclosure has been deferred. Within that framework, the issuer is required to establish and keep updated lists of persons having access to insider information related to the issuer and the AMF can request to see such lists.

Moreover, the AMF published a guide on how to prevent misfeasance in which it recommends the implementation of preventive measures such as the appointment of a deontologist, the definition of closed periods for the company’s securities and the use of “trading plans” for managers.
In any case, pursuant to article 17.4 of Regulation no. 596/2014, any issuer who defers the publication of insider information must inform the AMF “immediately after publication of the information” once the information in question has actually been published. An implementing regulation and a new AMF instruction will specify the notification content and procedure. By way of an exception, when an issuer or an actor in the emissions allowances market has deferred the disclosure of insider information, the AMF does not demand that it be systematically informed, however, explanations concerning the postponed disclosure may be requested.

Moreover, issuers of equity lines need to be especially careful that they comply with their ongoing information disclosure requirements. The AMF has reiterated that being in possession of insider information is an obstacle to taking an equity drawdown decision in an equity lines programme if said information has not been made public. Consequently, an issuer that decides to temporarily postpone publication of insider information must immediately suspend execution of this programme until such time as the information has been published.

6 COMPLETE AND EFFECTIVE DISSEMINATION OF REGULATORY INFORMATION

The issuer must ensure the complete and effective dissemination of all relevant regulatory information, with the exception of disclosures related to the crossing of thresholds which are handled by the AMF itself.

Regulatory information must be disseminated using electronic means in accordance with the principles defined by the AMF’s General Regulations requiring dissemination to as wide a public as possible, within as short a timeframe as possible and using methods which ensure the integrity of the information. In order to achieve this, issuers may, at their own discretion, choose to disseminate regulatory information themselves or decide to use the services of one of the primary information providers registered on a list published by the AMF. Issuers are also required to file their regulatory information with the AMF in electronic format at the same time as the information is publicly disseminated.

The issuer can also release financial communication in the written press according to a timetable it considers appropriate.

On December 10, 2007, the AMF published a practical Guide to Filing Regulatory Information with the AMF and to its Dissemination. This guide was updated on April 15, 2013.
7 ARCHIVING AND TRANSPARENCY OF REGULATORY INFORMATION

Issuers are required to post their regulatory information on their website as soon as it is disseminated. In addition, the DILA (Direction de l’information légale et administrative – French office of legal and administrative information) provides for the centralised storage and archiving of regulatory information on its website www.info-financiere.fr, for a period of ten years. The European Transparency Directive (Directive 2013/50/EU) provides for a centralised archive storage facility which will take effect at EU level in 2018.

8 FINANCIAL COMMUNICATION LANGUAGE

The growing internationalisation of the financial markets with an increasingly wide geographical shareholder base, the listing of several issuers on several markets (multiple listings) and the increase in cross-border transactions are all contributing factors to the greater importance placed on the linguistic treatment of documents containing information disclosed by issuers.

The need to translate these documents may be a significant constraint for an issuer or slow their access to foreign financial markets. At the same time, in order to ensure that investors are well informed, it is necessary that information disseminated by an issuer on a foreign financial market be available in a language which is understandable to the investors concerned.

In order to favour the movement of capital within the European Union while guaranteeing that investors are provided good information, the EU law has harmonised the rules governing the language of the various documents published by issuers. The principles laid down within the community – often expressed in a complex manner – have been transposed by the AMF within its General Regulations.

REGULATORY INFORMATION10

In the case that the AMF is the competent authority which controls the regulatory information disclosed by an issuer (which would be the case for an issuer headquartered in France), the information shall be written in French or in another language commonly used by the financial community (in practice English) if the securities issued by the issuer are accepted for trading on a French regulated market or on a market regulated by another member of the European Economic Area (EEA).

10 - Article 221-2 of the AMF’s General Regulations.
Should the AMF not be the competent authority which controls the regulatory information disclosed by an issuer, and the securities of that issuer are accepted for trading on a French regulated market, regulatory information disclosed in France should be written either in French or in another language commonly used by the financial community.

**PROSPECTUS**

In this case as well, several different situations should be differentiated. **In the case of a public offering of securities in France**, if, in accordance with community law, the AMF is the competent authority for the certification of a prospectus (as would be the case if the issuer is headquartered in France and the public offer concerns equity securities), the prospectus shall be written in French. It may, however, be written in a language commonly used by the financial community other than French in the following circumstances:

- The securities are being admitted to a regulated market or a multilateral trading facility for the first time in France only or in one or more other European Union Member States or countries party to the agreement on the EEA;
- The issuer’s prospectus, which was drawn up when the securities were first admitted to trading on a regulated market, is written in a language commonly used by the financial community other than French;
- The public offering concerns debt securities and is carried out in France only or in one or more other European Union Member States or EEA member countries;
- The issuer’s statutory headquarters are located in a non-EEA member country and the public offering is for employees of the issuer working at subsidiaries or establishments in France.

In such case, the summary of the prospectus is translated into French.

The AMF has published a position/recommendation on the choice of prospectus language (Position/Recommendation no. 2015-02 of January 21, 2015 on initial public offerings).

**In the case that the public offer also takes place in one or more other European Union Member States or EEA member countries**, the prospectus must also be made available to the regulatory authorities of the other countries in a language commonly used by the financial community. Those regulatory authorities are only able to require that a summary of the prospectus be translated in their official language.

**In the case that securities are admitted to a regulated market in France or in one or more other European Union Member states or EEA member countries** (hypothetically without a public offering), if, in accordance with community law, the AMF is the competent authority for the certification of the prospectus (which would in particular be the case if the issuer is headquartered in France and if the request for admission is for equity securities), the prospectus must be written in French or in another language commonly used by the financial community. In the latter case, the summary of the prospectus must be written in French, except when the admission to trading is applied for in the professional compartment for admissions without a prior public offering.
In the event that securities other than equity securities, with a nominal value of at least €100,000, are admitted to trading on a regulated market in France (hypothetically without a public offering), the AMF-certified prospectus must be written in French or in another language commonly used by the financial community.

In the case of a public offering of securities and/or application for admission to trading of securities on a regulated market in one or more European Union Member States or one or more EEA member countries with the exception of France, when, in application of community law, the AMF is the competent authority for the certification of the prospectus (which would in particular be the case when the issuer’s headquarters are registered in France and its prospectus concerns equity securities), the prospectus must be written either in French or in another language commonly used by the financial community.

The prospectus must also be made available to the regulatory authorities of the other countries in a language commonly used by the financial community. Those regulatory authorities are only able to require that a summary of the prospectus be translated in their official language.

Finally, if the AMF is not the competent authority to provide a certification of the prospectus (most notably regarding the issue of equity securities by an issuer whose registered office is located within the territory of another EEA member country), in the case of a public offering of securities or an application for admission to trading of securities on a regulated market in France only or in one or more other European Union Member States or EEA member countries, the prospectus must be written in French or in another language commonly used by the financial community. In the latter case, the summary of the prospectus must be written in French, except when the securities are admitted to trading in the professional compartment for admissions without a prior public offering.

**OTHER INFORMATION DISSEMINATED BY THE ISSUER**

There is no specific regulation applicable to other information which may be disseminated by an issuer on its own initiative outside of its obligations in the case of a public offering or an application for admission to trading on a regulated market (broker presentations, slide shows, etc.: see Part III, Section 3, “Relations with financial analysts and investors”).

13 - This €100,000 threshold could be set to disappear under the proposed regulation designed to replace the Prospectus Directive 2003/71/EC published on November 30, 2015. The new regulation plans to remove the prospectus exemption enjoyed by debt security offerings with a nominal value of less than €100,000.
Framework for Financial Communication

Following Part I, which was devoted to the principles of financial communication, Part II sets out the framework for various situations of financial communication. Beyond the simple reminder of the regulatory framework upon which financial communication strategy is constructed, this second section seeks to illustrate common practices for various scenarios.
## Part II

### 1 Disclosure of periodic information
- Disclosure of annual results
- Disclosure of half-yearly results
- Disclosure of quarterly or interim information
- Components related to periodic disclosures

### 2 Disclosure of estimates or prospective information
- Disclosure of qualitative prospective information
- Disclosure of quantitative prospective financial information
- Disclosure of estimated financial data
- Differences between previously disclosed objectives and the plausibility of results (profit warnings)
- Differences between forecasts provided by a homogeneous market consensus and the plausibility of results (profit warnings)

### 3 Events associated with a company’s business
- Sales and marketing
- Production
- Research & development
- Employee-related events
- Financial difficulty

### 4 Corporate governance
- Composition of the executive, board of directors or supervisory board
- Activities of the executive, board of directors or supervisory board
- Compensation and benefits
- Shareholders’ meetings

### 5 Events affecting the shareholding structure
- Changes in the shareholding structure
- Buyback and/or disposal by the issuer of its own shares
- Liquidity Contract
- Dividends
6 Risks and litigation

- Risks related to changes in macroeconomic factors
- Risks specific to the issuer
- Litigation

7 Rumours and leaked information

- Rumours
- Leaked information

8 Mergers and acquisitions

- Acquisitions and disposals
- Mergers, de-mergers, partial mergers or spin-offs
- Takeover bids

9 Financial transactions

- Capital increases and other issues of securities providing access to capital
- Financing contracts, debt and securitisation
- Initial public offerings (IPOs)
Disclosures of periodic information are major events in the financial communication of an issuer. Indeed through these disclosures the listed company sends, through various means, a large amount of information regarding its strategy, markets and performance as well as the impact of this information on the financial statements and the company’s life. Analyses performed by market participants on the issuer are mainly based upon this information. Therefore, for analyses to be as relevant as possible, it is essential for a listed company to assist these participants in their analysis and the understanding of its business model.

To this end, entities whose securities are admitted to trading on a regulated market must set up a specialised committee responsible for monitoring the preparation of financial information. In practice, this is the audit committee.

**DISCLOSURE OF ANNUAL RESULTS**

Disclosure of annual results includes several types of mandatory and optional documents for which the type, method and calendar of dissemination are as follows:

<table>
<thead>
<tr>
<th>Type of document event</th>
<th>Driving factor</th>
<th>Dissemination method</th>
<th>Calendar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Press releases</td>
<td>Mandatory</td>
<td>Through electronic means Posted on the issuer’s website</td>
<td>After the meeting of the board of directors or the supervisory board and, in the case of sales results, within 60 days</td>
</tr>
<tr>
<td>Meeting</td>
<td>Common market practice</td>
<td>Physical meeting Conference call</td>
<td></td>
</tr>
<tr>
<td>Financial notice</td>
<td>Optional</td>
<td>Written press, internet or radio</td>
<td></td>
</tr>
<tr>
<td>Annual financial report</td>
<td>Mandatory</td>
<td>Through electronic means with the possibility of only disclosing the means by which the report has been made available (regulatory information) Posted on the issuer’s website and sent to the AMF</td>
<td>Within four months following the financial period closing date</td>
</tr>
<tr>
<td>Registration document</td>
<td>Optional</td>
<td>Posted on the issuer’s website and sent to the AMF</td>
<td>No regulatory deadline</td>
</tr>
<tr>
<td>Integrated report</td>
<td>Optional</td>
<td>Posted on the issuer’s website</td>
<td>No regulatory deadline</td>
</tr>
<tr>
<td>Disclosure related to the statutory auditors’ fees</td>
<td>Mandatory</td>
<td>Through electronic means (regulatory information) Posted on the issuer’s website and sent to the AMF</td>
<td>Within four months following the financial period closing date</td>
</tr>
<tr>
<td>Documents published in the BALO</td>
<td>Mandatory</td>
<td>Electronic transmission to the BALO (Bulletin of legal announcements)</td>
<td>Within 45 days of the annual shareholders’ meeting held to approve the accounts</td>
</tr>
<tr>
<td>Documents filed with the Commercial court registry</td>
<td>Mandatory</td>
<td>Within the month following the approval of the annual financial statements by the shareholders’ meeting</td>
<td></td>
</tr>
</tbody>
</table>
Companies listed on Alternext shall, within a four month period, disclose the annual financial statements, the management report, and, if applicable, the consolidated financial statements and group management report as well as the corresponding statutory auditors’ reports. This information shall be posted on the websites of the issuer and Alternext for a two-year period.

**Press releases**

**Press releases on annual results**

Press releases disseminated by issuers commonly include the following types of information:

- analysis of the variation in consolidated sales and income statement items (internal growth, changes in consolidation scope, impact of exchange rates);
- business segment information, supplemented as appropriate by a description of the company’s activities, performance and perspectives in the geographical areas and operational sub-segments at risk or where very different situations exist;
- balance sheet items and cash flow;
- where applicable, a description of any changes in accounting methods which took place from one period to another and any changes in the consolidation scope which have an impact of more than 25% on the financial statements (see Part II, Section 1, “Changes in the consolidation scope of the issuer”);
- the strategic orientation of the issuer;
- significant events during the period regarding the previously announced strategy;
- post-closing events where applicable;
- the objectives/forecasts of the issuer, provided on a voluntary basis (see Part II, Section 2, “Disclosure of estimates or prospective information”);
- the amount of dividends proposed at the shareholders’ meeting for the period as well as the payment date if approved;
- the situation as regards the certification of the financial statements by the statutory auditors;
- details on other related information available on the issuer’s website (full financial statements, analysts’ slideshow...).

Some issuers also include more detailed accounting information in an appendix (income statement, balance sheet, cash flow statement, segment information).

The AMF stipulates that while the annual results press release may only contain material items from the accounts and appropriate related comments, it must disclose net income and information on balance sheet items. Moreover, if more detailed information on the financial statements is available on the issuer’s website, this must be disclosed in the press release.

It is common practice to disseminate a press release following the board of directors’ meeting at which financial reports are approved or after the supervisory board has reviewed the financial reports presented by the management board. Such press releases shall be subject to a complete and effective dissemination as regulatory information. They shall be posted on the issuer’s website and sent to the AMF at the same time as they are
disseminated. The use of a primary information provider which has been certified by the AMF is recommended.

Moreover, the AMF recommends that, as soon as possible after the financial period closing date and no later than 60 days after that date, issuers disclose information on annual revenue for the past year along with comparative information, unless they have already published their annual results press release by that date.

**Press releases on annual revenue**

As annual revenue is likely to be considered insider information, the AMF, in accordance with its Recommendation no. 2008-11 of December 17, 2008, recommends that issuers planning to disclose their annual results more than 60 days after the end of the period disclose information on annual revenue for the past year along with comparative information as soon as possible after the financial period closing date, and no later than the end of February or 60 days after the closing date. However, the issuer is not obliged to disclose its revenue separately if it does not consider this information to be relevant, particularly due to the nature of its business.

**Information meetings**

The issuer may present its annual results during information meetings which are held for its main audiences, (buy-side or sell-side analysts, portfolio managers, investors, shareholders, journalists, etc.) or through conference calls or webcasts.

If such is the case, care should be taken to ensure that all information unknown to the public which is disclosed during these meetings and which may have a material impact on the share price, including significant comments or developments, is immediately disseminated to the public.

In order to ensure wide and continuous dissemination, some issuers broadcast these meetings using either live or delayed transmission, by conference call or on their website through a webcast.

It is common practice to hold these meetings as soon as possible following the dissemination of a press release. The AMF recommends that any presentations for financial analysts be simultaneously posted on the issuer’s website when the meeting starts.

**Financial notices**

The issuer can disclose information related to its annual results through the written press using presentation methods it deems appropriate given its shareholder profile and its size. The content of that disclosure is determined by the issuer however it must be consistent with the information disclosed in the annual report and press releases and it must not be misleading. No deadline has been established by regulations for this disclosure; nonetheless, it is common practice to disseminate such notice after the press release.
Annual financial reports

Issuers are required to publish an annual financial report and file it with the AMF within four months following the closing date of the financial period. It should be noted that, in corporations with a board of directors and supervisory board, the board shall approve the financial statements within three months following the financial period closing date in order to enable the supervisory board to perform its review. Even though it is not explicitly provided for by regulations, it may be useful to submit the annual financial report to the supervisory board.

The financial reports shall include the following components:

- the annual accounts;
- where applicable, the consolidated accounts*;
- a management report;
- a statement made by the natural persons taking responsibility for the annual financial report;
- the report of the statutory auditors on the annual accounts, and where applicable, the consolidated accounts.

The management report which is included in the financial report shall at least include the following information:

- an analysis of the company's business development, results and financial position, the key financial and non-financial performance indicators relevant to the company and the business, such as information pertaining to environmental issues and personnel matters; the main risks and uncertainties the company faces; indications concerning the company’s use of financial instruments;
- information regarding the company's capital structure and information likely to have an impact in the case of a takeover bid (article L.225-100-3 of the French Commercial Code);
- information related to the number of shares sold and purchased during the financial period within the framework of a share buy-back program and the nature of the transactions;
- should the issuer be required to prepare consolidated accounts, information referred to in article 225-100-2 of the French Commercial Code related to the consolidated management report.

The annual financial report may serve as the annual report submitted to the shareholders’ meeting if it also includes the following information in particular:

- employee profit-sharing plan (article L. 225-102 of the French Commercial Code);
- remuneration and benefits in kind paid to each company officer (article L. 225-102-1 of the French Commercial Code);
- a list of all the remits and functions performed by each company officer (article L. 225-102-1 of the French Commercial Code);
- the environmental, social and labour-related impact of the issuer’s business (article L. 225-102-1 of the French Commercial Code);
- a description of Seveso installations (article L. 225-102-2 of the French Commercial Code);
- the business activities of subsidiaries and minority investments and the portion of ownership (article L. 233-6 of the French Commercial Code);

* The AMF published a Guide in June 2015 to improve the relevance, consistency and readability of the notes to the accounts.

17 - This article has been modified by law no. 2015-992 of August 17, 2015, and by law no. 2016-138 of February 11, 2016, which stipulate that for reporting years ending on or after December 31, 2016, the management report must contain disclosures relating to the environmental and social impact of the issuer’s business, including the impact on climate change of using its goods and services as well as its societal commitment to sustainable development, the circular economy, combating food waste and discrimination, and promoting diversity.
- the shareholder structure and shareholder thresholds that have been crossed (article L. 233-13 of the French Commercial Code);
- a summary table of the current powers granted in connection with capital increases (article L. 225-100 of the French Commercial Code);
- a summary statement of the transactions in company shares made by its executives (article 223-26 of the AMF’s General Regulations);
- the chairman’s report on corporate governance, risk management and internal control procedures. This report must be approved by the board of directors (articles L. 225-37 and L. 225-68 of the French Commercial Code);
- the amount of dividends distributed for the previous three years (article 243 bis of the French Tax Code);
- the five-year financial summary (article R. 225-102 of the French Commercial Code);
- agreements between executives or major shareholders and subsidiaries (article L. 225-102-1 of the French Commercial Code);
- significant stakes in companies headquartered in France (article L. 233-6 of the French Commercial Code);
- information on supplier payment terms (article L. 441-6-1 of the French Commercial Code);
- draft resolutions submitted to the annual shareholders’ meeting;
- the statutory auditors’ special report on related-party agreements and commitments;
- pension and other annuity commitments contracted on behalf of corporate officers (including details of how these commitments are calculated and an estimate of the potential annuities payable to each corporate officer and the related charges; articles L. 225-102-1 and D. 225-104-1 of the French Commercial Code);
- the amount of any loans granted to businesses with economic ties to the issuer (article L. 511-6 of the French Monetary and Financial Code).

In addition, issuers may add other information to their annual financial report. By doing so, they are exempted from the requirement to disclose that information separately. Such information includes: (i) the disclosure related to the statutory auditors’ fees (see infra “Disclosure of statutory auditors’ fees”) and (ii) the chairman’s report on corporate governance, risk management and internal control procedures as well as the statutory auditors’ report on the chairman’s report (see above, the potential elimination of this statutory auditors’ report).

In addition to being filed with the AMF, the annual financial report must as a rule be disseminated through electronic means in accordance with the dissemination methods for regulatory information described in the first chapter of this guide. In practice, the issuer can disseminate a simple press release describing the means by which the document has been made available (an example of a press release is included in Appendix 6 of the Guide to Filing Regulatory Information with the AMF and to its Dissemination).

The European Transparency Directive (Directive 2013/50/EU) provides for a single format for publishing annual financial reports designed to facilitate both access to financial information and the comparability of the financial statements of companies operating in the same industries. As part of the directive implementation process, ESMA has been
tasked with devising a European Single Electronic Format (ESEF) by the end of 2016 which will be mandatory from 2020 on for companies listed on a regulated market within the European Community.

Registration document

The production of a registration document is optional. Nonetheless, most issuers produce one. It may be included as a reference within a prospectus disseminated in the case of a public offering or an application for admission to trading on a regulated market – on the condition that it is up-to-date. The production of a registration document can facilitate such transactions and increase the speed of the process.

The contents of the registration document is governed by:
- an AMF instruction of December 13, 2005 (AMF Instruction no. 2005-11),
- European Prospectus Regulation no. 809/2004;
- the Guide for Compiling Registration Documents (AMF Position/Recommendation no. 2009-16, updated on April 13, 2015);

There is no deadline imposed by regulations for the production of a registration document. Nonetheless, in practice, the registration document is usually disclosed before the annual shareholders’ meeting and following the issuer’s financial year end to serve as an annual financial report. Indeed when the registration document includes all the information required in the annual financial report, the issuer is exempt from the requirement to publish it separately under the condition that (i) a press release indicating the availability of the registration document is disseminated through electronic means and (ii) the document is archived on the issuer’s website, or on a referenced archive site, for a period of ten years (an example of a press release is set out in Appendix 11 to the Guide to Filing Regulatory Information with the AMF and to its Dissemination). Additional information concerning the preparation of the registration document is presented in the Appendix.

Since Commission Delegated Regulation (EU) no. 2016/301 came into effect on March 25, 2016, issuers are encouraged to file their registration document electronically at AMF_Doc_Ref@amf-france.org.

Integrated report

Despite the fact that regulators aim to promote transparency, it is not always easy for stakeholders to understand a company’s strategy from its regulatory information.

Listed companies and their multi-faceted business models deserve a clearer presentation than can presently be achieved from simply comparing their current publications, i.e. their annual report, registration document, sustainable development report, etc. Hence the idea of the ‘integrated report’ recently put forward by some bodies, which
would have the benefit of presenting stakeholders (and not just the financial community) with a clear, straight-forward overview of the issuer’s strategy, adapted to the specific features of the company, addressing in particular social, environmental and labour-based aspects from the perspective of future ambitions and current operations.

In light of international emerging practices, a few issuers have started publishing an integrated report, and some are currently considering it as part of a voluntary, non-compulsory approach to communication that is easier for stakeholders to understand, drawing on existing indicators published as part of regulatory information requirements.

**The disclosure of statutory auditors’ fees**

The disclosure of fees paid to the statutory auditors is a requirement for issuers of equity securities. This requirement arises from article 222-8 of the AMF’s General Regulations. The communication shall specify the amount of fees paid to each statutory auditor and, where applicable, the firm they work for.

In the case that the issuer prepares consolidated accounts, the fees are those paid by it and all companies which are fully consolidated. The AMF instructions detailing this disclosure (Instruction no. 2006-10) provide that a distinction should be made between fees related to legally required independent audits of the financial statements and associated services, on the one hand, and fees for other services, on the other.

This communication is disseminated through electronic means (according to the methods regarding regulatory information) within four months following the end of the financial period. In practice, it is easier to include it within the registration document or the annual financial report as permitted by the regulations.

**Publication in the BALO**

Issuers must publish the following documents in the BALO within 45 days of the annual shareholders’ meeting: (i) a statement that the annual financial statements were approved without modification by the annual shareholders’ meeting and indicating the date of dissemination of the annual financial report or, in the event of modification in relation to the financial statements published in the annual financial report, the approved annual financial statements and consolidated financial statements, accompanied by the certification of the statutory auditors, as well as (ii) the decision regarding the allocation of net profit.

**Filing at the commercial court registry**

Within one month of the approval of the annual financial statements by the shareholders’ meeting or within the two months following this approval when the filing is made electronically, issuers shall file the following documents at the commercial court registry where their headquarters are registered:

- the annual accounts and, where applicable, the consolidated accounts;
- the management report as required by the French Commercial Code;
- the statutory auditors’ report on the annual accounts and, where applicable, the consolidated accounts;
- the report prepared by the chairman of the board of directors or of the supervisory board, as the case may be, related to internal control procedures as well as the statutory auditor’s report on that report21;
- a summary table of powers granted in connection with capital increases;
- the proposed allocation of net income and the resolution approved at the shareholders’ meeting.

**DISCLOSURE OF HALF-YEARLY RESULTS**

To a large extent, requirements related to the disclosure of half-yearly results are comparable to those applicable to the annual results concerning the following items:
- press releases,
- information meetings, and
- financial notices.

An information meeting supported by slide presentations is recommended and can be held through a physical meeting, webcast or conference call.

The main difference with the annual results concerns the disclosure deadline which is shorter for the half-yearly financial report: this disclosure must take place within the three months following the end of the first half year.

Lastly, no disclosure is required for the statutory auditors’ fees or filing at the commercial court.

21 - Following the report of a working group chaired by Jean-Claude Hanus and a public consultation process, in February 2016 the AMF submitted proposals for legislative regulatory changes to the French Minister for Justice (Garde des Sceaux) to include the information contained in the chairman’s report on internal control and risk management procedures within the management report and to eliminate the specific statutory auditors’ report on this matter.
Some issuers may decide to update their registration document on this occasion. The disclosure of half-yearly results, which must take place within three months of the end of the first half, thus includes several types of mandatory or optional documents for which the type, method and calendar of dissemination are as follows:

<table>
<thead>
<tr>
<th>Type of document event</th>
<th>Driving factor</th>
<th>Dissemination method</th>
<th>Calendar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Press release</td>
<td>Mandatory</td>
<td>Through electronic means Posted on the issuer’s website</td>
<td>After the meeting of the board of directors or the supervisory board</td>
</tr>
<tr>
<td>Meeting</td>
<td>Common market practice</td>
<td>Physical meeting/ Conference call</td>
<td></td>
</tr>
<tr>
<td>Financial notice</td>
<td>Optional</td>
<td>Written press, internet or radio</td>
<td></td>
</tr>
<tr>
<td>Half-yearly financial report</td>
<td>Mandatory</td>
<td>Through electronic means with the possibility of only disclosing the means by which the report has been made available (regulated information) Posted on the issuer’s website and sent to the AMF</td>
<td>Within three months following the end of the first half-year period</td>
</tr>
<tr>
<td>Update of the registration document</td>
<td>Optional</td>
<td>Posted on the issuer’s website and sent to the AMF</td>
<td>No regulatory deadline</td>
</tr>
</tbody>
</table>

Issuers listed on Alternext shall disclose a report covering the first half-yearly period within four months after the end of the second quarter. Such reports include a balance sheet, an income statement and a commentary on the period and shall be posted on the issuer’s and Alternext’s website for a two-year period.

**Half-yearly financial report**  
*report of article L. 451-1-2 III of the French Monetary and Financial Code*

Issuers are required to disclose half-yearly financial reports and file them within three months of the end of the first half-year of their accounting period22.

The half-yearly financial report shall include the following items:
- the half-yearly financial statements, either condensed or complete, for the past half year, presented in consolidated form where applicable;
- a half-yearly management report (for which the content is defined in article 222-6 of the AMF’s General Regulations);
- a statement from the natural persons assuming responsibility for the half-yearly financial report (regarding this item, it seems logical that the same individuals sign both the annual and half-yearly reports);
- the statutory auditors’ review report on fair presentation and conformity with the complete or the condensed financial statements of the information contained in the half-yearly management report.

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22 - Article L. 451-1-2 III of the French Monetary and Financial Code and article 222-4 of the AMF’s General Regulations.
With respect to the half-yearly financial statements:

- in the case that consolidated accounts are disclosed, issuers must produce them according to IAS 34 ("Interim financial reporting").

If a company discloses a complete set of financial statements in its half-yearly financial report, the form and content of such statements shall be compliant with the requirements of IAS 1 ("Presentation of financial statements") for a complete financial report. If a company discloses a condensed or summarised set of financial statements, such statements shall at least contain all items and sub-totals presented in the most recent annual financial report, as well as the selection of explanatory notes to the financial statements required by IAS 34. They should also present the financial statement items and notes to the financial statements for which the omission would result in the half yearly condensed financial report being misleading;

- in the case the issuer is not required to produce consolidated accounts or to apply international accounting standards, the half-yearly financial statements shall at least include (i) a balance sheet, (ii) an income statement, (iii) a table indicating the changes in shareholders’ equity, (iv) a cash flow statement, and (v) explanatory notes to the financial statements which may, should the financial statements be condensed, contain only a selection of the most significant notes.

The condensed balance sheet and income statement shall contain all of the items and sub-totals contained in the issuer’s most recent annual financial statements. Additional items may be added if, by excluding them, the half-yearly financial statements provide a misleading view of the assets, the financial position and the results of the issuer. The notes to the financial statements should, at least, contain the necessary information to ensure the comparability of the condensed half-yearly financial statements with the annual financial statements and sufficient information and commentary to ensure that the reader is correctly informed of any material changes which could impact amounts or trends in the half-year period concerned, which are reflected in the income statement and balance sheet\(^{23}\).

Although the approval of half-yearly financial statements by the board of directors is not legally required, the disclosure of those financial statements without the board of directors’ approval or that of its audit committee would seem imprudent and contrary to the principles of corporate governance.

The half yearly management report shall include the following components:

- material events that occurred in the first half of the year and their impact on the half yearly financial statements;
- a description of the main risks and uncertainties for the second half of the year. It should be noted that an update of the risks described in the management report or the registration document is sufficient;
- for issuers of shares, material transactions between related parties (within the meaning of IAS 24 “Related party disclosures”).

\(^{23}\) Article 222-5 of the AMF's General Regulations.
Like the annual financial report, the half-yearly financial report must be disclosed through electronic means in accordance with the means of dissemination for regulatory information described in Part 1 of this guide\(^\text{24}\).

However, the issuer can choose to disseminate a simple press release detailing the means by which the half-yearly financial statements will be made available\(^\text{25}\). \textit{(an example of a press release is set out in Appendix 7 to the Guide to Filing Regulatory Information with the AMF and to its Dissemination.)}

Finally, it should be noted that, if the issuer releases within three months of the end of the first six-month period an update of its registration document which includes all information required in the half-yearly financial report, it is exempt from a separate disclosure of the half-yearly financial report.

**BALO publication**

Half-yearly information is not required to be published in the BALO.

**DISCLOSURE OF QUARTERLY OR INTERIM INFORMATION**

As of January 1, 2015, "quarterly financial information" within the meaning of the European Transparency Directive no longer has to be disclosed\(^\text{26}\). Issuers may, however, voluntarily decide to disclose quarterly (or interim) financial information and quarterly (or interim) financial statements\(^\text{27}\).

**Characteristics of quarterly or interim financial information**

To ensure issuers have all the information needed before they decide whether or not to disclose quarterly (or interim) financial information, the AMF detailed the following specifications\(^\text{27}\):

- The decision to communicate quarterly financial information or not should be consistently applied over time to ensure the market stays properly informed. The AMF recommends that companies outline their policy in the disclosure calendar they publish on their website at the start of each year;

- Should the issuer choose to disclose quarterly financial information, the information should be accurate, true and fair, in accordance with the principles that apply to financial communication. While issuers can choose to present the quarterly financial information in any format, the AMF recommends that, to keep the market properly informed, the information should be released with comments explaining the circumstances in which business took place and in particular reviewing operations and significant events over the quarter. This sheds light on the financial information and helps investors fully understand the issuer or group’s position;

- Issuers should uphold the principle of equal access to information among investor categories and countries. If a company discloses quarterly financial information to

\(^{24}\) Articles L. 221-3 et seq. of the AMF’s General Regulations.

\(^{25}\) Article 221-4 V of the AMF’s General Regulations.

\(^{26}\) Article L. 451-1-2 IV of the French Monetary and Financial Code was repealed by law no. 2014-662 of December 30, 2014.

\(^{27}\) AMF Recommendation no. 2015-03 regarding quarterly or interim information.
specific investors, analysts or financial partners in one country, it must immediately be brought to public attention by a press release;

- The quarterly financial information at the issuer’s disposal may constitute insider information and, as such, must be disclosed as part of ongoing information requirements (see Part I, Section 5 “Requirement for market disclosure of ‘insider information’ concerning the issuer”). The AMF recommends that companies that choose not to disclose quarterly financial information pay particularly close attention to their ongoing information requirements in order to improve investor confidence in the transparency of their financial communication.

COMPONENTS RELATED TO PERIODIC DISCLOSURES

Changes in the segment organisation

Segment information disclosed by companies is a key item of financial communication. This information must be consistent with the segment information presented in the consolidated financial statements, which must be prepared in accordance with IFRS 8 "Operating Segments". It must be prepared on the basis of the entity’s internal reporting and monitored by the chief operating decision maker when allocating resources to different segments and regularly assessing their performance.

Segment information may therefore change in line with changes to the internal reporting, such as a change in activities or economic models due to external growth transactions, restructuring or discontinued activities. Segment information may also change if changes occur to the indicators monitored by the group’s chief operating decision maker.

It is important to ensure consistency between financial press releases and segment information that is presented in the accounts, in terms of both the definition of segments and the choice of performance indicators.

The AMF also recommends rounding out segment information with a breakdown by geographical area and operational sub-segments at risk when communicating results to the market. In particular, when a company chooses to provide additional segment indicators to those presented in the accounts, it must provide all relevant explanations. In this case, these reports complete or specify the approach chosen in the accounts but cannot replace the segment information presented in the accounts.

<table>
<thead>
<tr>
<th>General principle for determining operating segments</th>
<th>IFRS 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Segments are determined on the basis of internal reporting</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quantitative information</th>
<th>IFRS 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>At least assets and results per segment. Other quantitative information required under certain conditions associated with the level of detail in internal reporting</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Evaluation methods of segment information</th>
<th>IFRS 8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluation according to the accounting principles adopted for internal reporting</td>
<td></td>
</tr>
</tbody>
</table>
Changes in the consolidation scope of the issuer (publication of pro forma information)\(^{29}\)

AMF Recommendation no. 2013-08, revised on April 15, 2016, summarises this topic. Changes in the consolidation scope may be associated with one or more acquisitions, divestitures, spin-offs, carve-outs, mergers and partial contributions of assets. If those changes have a material effect on the consolidated financial statements, the issuer should provide pro forma information reflecting the new results as if the operation(s) had taken place at the beginning of the reporting period.

The pro forma disclosures required will differ depending on whether they are to be included in a prospectus, registration document or (annual or half-yearly) financial report. The table below provides a summary of the various documents and their implication for the pro forma information to be reported:

<table>
<thead>
<tr>
<th>Regulatory texts</th>
<th>Driving Factors</th>
<th>Threshold</th>
<th>Reporting period</th>
<th>Nature of the information</th>
<th>Specific statutory auditors’ report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prospectus</td>
<td>Annex II of the European Regulation</td>
<td>Material changes in gross values</td>
<td>25%(^{30})</td>
<td>Current period, most recent prior period, and/or most recent interim period</td>
<td>No detailed definition, however the possibility exists of providing: balance sheet, income statement and supporting notes, statement of changes in shareholders’ equity</td>
</tr>
<tr>
<td>Registration document</td>
<td>AMF Instruction 2005-11</td>
<td>Material changes in gross values</td>
<td>25%(^{30})</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial report</td>
<td>AMF Instruction 2007-05 in application of article 222.2</td>
<td>Change in consolidation scope</td>
<td>25%(^{31})</td>
<td>At least the current period (period concerned)</td>
<td>Disclose income statement intermediate balances in the notes to the financial statements in addition, if applicable, to the information required by accounting requirements (see infra)</td>
</tr>
<tr>
<td>IFRS</td>
<td>IFRS 3, IFRS 5</td>
<td>Business combinations (IFRS 3)/ Divestiture or closure of a business (IFRS 5)</td>
<td>No Threshold</td>
<td>Current period (period concerned)</td>
<td>IFRS 3: impact on sales and income as if the combination took place on the first day of the financial period. IFRS 5: presentation of the impact on the income statement and the balance sheet on separate lines (restatement of income and the balance sheet of prior years, however no comparable balance sheet)</td>
</tr>
</tbody>
</table>

\(^{29}\) AMF Recommendation no. 2013-08 regarding pro forma information requirements.

\(^{30}\) The threshold should be assessed on a transaction by transaction basis.

\(^{31}\) The threshold should be assessed based on all transactions.
The pro forma information provided will also depend on the date of the event triggering the communication.

The table below summarises, for the various documents, the applicable regulatory texts and the pro forma information requirements based upon whether the transaction takes place during the financial period concerned or a prior period:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction occurred during the financial year or period concerned</td>
<td>Information required by AMF instruction no. 2007-05 in application of article 222-2</td>
<td>Information required by Annex II of the European Regulation and AMF Instruction no. 2005-11</td>
<td>Information required by Annex II of the European Regulation</td>
</tr>
<tr>
<td>Transaction occurred following the financial year or period concerned</td>
<td>Provide income statement intermediate balances, in addition, if applicable, to information required by accounting regulations</td>
<td>No additional information required except for information concerning acquisitions of isolated assets or disposals.</td>
<td>Provide pro forma information as required by Annex II of ER* Prospectus + Specific report from the statutory auditors</td>
</tr>
</tbody>
</table>

*ER: European Regulation.

**Change of reporting date**

Changing the reporting date for a financial period results in the presentation of asymmetrical financial information to the market. In its Recommendation no. 2013-08, the AMF therefore recommends the provision of pro forma financial information on a comparable basis for the main accounting aggregates, to allow the information to be used for forward-looking purposes. If restated information cannot be produced, an explanation for this must be provided in the notes to the financial statements.

By way of an example, the AMF explains that if an issuer decides to change its reporting date from March 31 to December 31, the new financial period will be for a duration of nine months. In such a case, the AMF recommends that the issuer provide restated financial information for the main accounting aggregates based on the twelve-month period ending on the new reporting date.
Disclosure of alternative performance measures

"Non-GAAP" performance measures or Alternative Performance Measures (APM) can be used to provide investors with additional relevant information that gives a better understanding of an issuer’s strategy and financial performance.

Although they are not defined by accounting regulations, these indicators are sometimes disclosed in the financial statements either because they are tracked by the chief operating decision maker as part of business segment reporting, or because they round out the disclosures required under IFRS. If they are included in the financial statements, these indicators must comply with the accounting principles of presentation and consistency.

If they are not included in the financial statements, their disclosure must comply with ESMA guidelines issued in June 2015 and reiterated in an AMF Position intended to enhance the comparability, reliability and understandability of APMs (Position no. 2015-02 of December 3, 2015). This position is applicable to APMs communicated by issuers or persons responsible for a prospectus, publishing regulatory information or prospectuses from July 3, 2016 in accordance with the following principles:

- communicating clearly and intelligibly the definitions of all APMs used, their components, the basis of calculation and details of all material assumptions used;
- including denominations that reflect the content and basis of calculation of APMs to avoid sending misleading information to users;
- not erroneously qualifying non-recurring or unusual items. For example, items recognised in prior periods that are likely to reoccur in future periods will rarely be deemed non-recurring or unusual items (such as restructuring costs or impairment losses);
- reconciling APMs with financial statement aggregates from the corresponding period, or the closest sub-total or total by disclosing amounts and key reconciling items:
  - when reconciling items are included in the financial statements, users must be able to identify these in the financial statements
  - when reconciling items are not taken directly from the financial statements, the reconciliation must show how the figure has been calculated;
- giving the reason for using APMs so that users can appreciate their relevance and reliability;
- not assigning APMs greater importance or emphasis than indicators taken directly from the financial statements;
- including benchmark indicators for corresponding prior periods. When APMs are based on forecasts or estimates, benchmark indicators must reflect the most recent historical data available;
- presenting reconciliations for all benchmark indicators disclosed;
- the definition and calculation of APMs must be consistent over time. In exceptional circumstances when issuers decide to redefine an APM, they must:
  - explain the changes made;
  - explain how the changes will provide more reliable and relevant performance indicators; and
  - provide comparative restated figures.
if an issuer stops disclosing an APM, they must explain why they consider that this indicator no longer provides relevant information;

- with the exception of prospectuses, APM disclosure requirements may be met by referring back to other previously published and readily accessible documents that contain the requisite information in relation to the APMs. In such cases, compliance with the Position is assessed based on all such documents.

**Social and environmental responsibility information**

Since 2001, French companies listed on a regulated market must publish data explaining “how they deal with the environmental and social impact of their business”.

Pursuant to article L. 225-102-1 of the French Commercial Code, companies whose securities are admitted to a regulated market must provide details in their management report of initiatives and actions deployed by the issuer – or by its subsidiaries or by the companies that it controls within the meaning of article L. 233-3 of the French Commercial Code – to take account of the environmental and social impacts of its business including the impact on climate change of its business and the goods and services it produces, as well as fulfil its societal commitment to sustainable development, circular economy, the fight against food waste and for the fight against discrimination and the promotion of diversity.

The required disclosures are set out in article R. 225-105-1 of the French Commercial Code and these include information on accidents in the workplace, equal treatment, compliance with International Labour Organisation conventions, the extent of sub-contracting practices, anti-corruption measures and adapting to the consequences of climate change. To facilitate comparability between different periods, data for both the current and prior reporting periods should be presented.

Issuers should also list the information set out in article R. 225-105-1 of the French Commercial Code “that cannot be produced or does not appear relevant along with all useful explanations” in a contextualised manner adapted to the company’s specific situation. In Recommendation no. 2013-18, the AMF requires issuers to provide a summary table complete with explanations that distinguishes information that could not be produced from information not deemed to be relevant.

These disclosures must be checked by an independent third-party verifier who issues (i) a statement certifying the presence of all information required in the management report as well as any information omitted or not accompanied by the required explanations, and (ii) an opinion submitted to the shareholders’ meeting at the same time as the management report of the board of directors or executive board.

**Accounting restatements**

Should an issuer make an accounting restatement related to an error and/or a change in accounting methods, the information associated with the restatement is in principle
disclosed to the market within periodic disclosures in the explanatory notes to the financial statements; it shall be in accordance to the principles prescribed in IAS 8 ("Accounting policies, changes in accounting estimates and errors").

If the issuer believes that an immediate disclosure is appropriate, that disclosure should mention, at least, the impact of the restatement on the financial statements if such information is sufficiently reliable, the cause and the nature of the error, as well as, if such is the case, the financial impact on objectives that may have been communicated.

The issuer shall judge if the disclosure of the potential impact of such restatement on its safety clauses or bank covenants is relevant and justified. In any event, such disclosure could be deferred, under the responsibility of the issuer, in accordance with the provisions of the AMF General Regulation (Part I, Section 2 – "Ongoing information").

Changes in the financial communication calendar

As further addressed in Part III, the issuer may decide to disclose a projected financial communication calendar. In this case, issuers should judge whether a change in one or more of the dates provided in the calendar requires a press release, notably in the case of a postponement of a date initially disclosed (in the case of a change in the dividend payment date, see infra, "Change in the dividend payment date").

In any case, the communication calendar shall be updated on the issuer’s website. It is good practice to include it within the press releases.

2 DISCLOSURE OF ESTIMATES OR PROSPECTIVE INFORMATION

DISCLOSURE OF QUALITATIVE PROSPECTIVE INFORMATION

The disclosure by the issuer of qualitative prospective information to the market is required:

- in the management report prepared for the general shareholders’ meeting in application of articles L. 233-26 and L. 232-11II of the French Commercial Code (article L. 233-26: "The group management report describes (...) foreseeable developments (for the total company as made up of companies included in the consolidation)"); article L. 232-11II: "The management report describes (...) the foreseeable developments (of the company)");
- in the registration document in application of items 20.9 "Significant changes in the issuer’s financial or trading position" and 12.2 "Trend information" of Annex I of the Prospectus (item 20.9: "Describe any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial statements or interim financial statements have been published, or provide an appropriate negative statement item". Item 12.2:
“provide information on any known trends, uncertainties, commitments or events that are reasonably likely to have a material impact on the issuer’s prospects for at least the current financial year”.

In some cases, qualitative prospective information communicated by an issuer can be requalified by the AMF as a forecast of results (see infra).

DISCLOSURE OF QUANTITATIVE PROSPECTIVE FINANCIAL INFORMATION

The disclosure of prospective quantitative information to the market by the issuer concerning its own outlook is optional and entirely at the issuer’s discretion. Indeed, such disclosures depend notably on the existing related business practices and specificities of a particular business segment. This type of information should be differentiated from estimated financial data relating to a past period (see Part II, Section 2: “Disclosure of estimated financial data”).

The disclosure of quantitative prospective information is treated differently depending on whether it is being disclosed with periodic information or in a prospectus.

Within the framework of periodic information

Among the various types of prospective information it is necessary to distinguish between “objectives” and “forecasts”. In that subject, the report of a working group led by Jean-François Lepetit32 clarified the distinction by specifying that “objectives can be defined as the summarised and quantitative expected results of the strategy adopted by management whether defined in commercial terms (for example: market share or sales growth, etc) or financial terms (for example: return on capital employed, income per share, etc). They express the company’s goals as defined by management based upon their anticipations of prevalent economic conditions, often expressed in normative form, and the resources that they have decided to employ”.

As regards forecast information, the report of this working group on profit warnings stated that “in general, forecasts are the quantified conclusions of studies aimed at determining the total impact of a list of factors related to a future period (so called, assumptions)” and notes that “the disclosure of forecast results is generally the responsibility of financial analysts, as by nature such a task is based upon a high level of uncertainty, with results sometimes significantly differing from forecasts initially presented.”

In the case of financial data qualified by an issuer as “forecasts” (versus objectives), they should be accompanied by a description of the underlying assumptions as well as a report from the statutory auditors.

Should an issuer choose to disclose prospective financial data, it is general practice to communicate objectives and forecasts when disclosing half-yearly or annual results.
In any case, an issuer may only communicate quantitative prospective information to the market on the condition that the reliability of the data has been checked internally prior to any communication in order to ensure the relevance of the information communicated and to avoid misleading the public on the issuer’s forecast results. In accordance with the recommendations of the working group’s report on profit warnings, the disclosure of quantitative prospective financial data by the issuer should clearly state the nature of such information (objectives or forecasts) as well as the time frame.

**Within the framework of a prospectus**

When quantitative prospective information is communicated by an issuer within the framework of a prospectus and that information can be qualified as "profit forecasts" within the meaning of the European Prospectus Regulation, it must be accompanied by a description of the underlying assumptions and a report from the statutory auditors. That report certifies that the forecasts were established on the basis of the provided assumptions and that the accounting methods used are in accordance with those applied by the issuer for the establishment of its financial statements. It should be noted that the Prospectus Regulation defines the notion of profit forecast as "a form of words which expressly states, or by implication indicates, a figure or a minimum or maximum figure for the likely level of profits or losses for the current financial period and/or financial periods subsequent to that period, or contains data from which a calculation of such a figure for future profits or losses may be made, even if no particular figure is mentioned and the word "profit" is not used".

The notion of "forecasts" as used in the Prospectus Regulation was the subject of AMF Position no. 2006-17 of July 10, 2006 and of questions and answers of October 23, 2007 (AMF Position no. 2007-17). The AMF most notably stated the analytical criteria to be used in order to determine whether prospective financial information qualified as a profit forecast within the meaning of the Prospectus Regulation. It also expressed recommendations concerning the treatment of profit forecasts in the registration document in the case that such is incorporated within a prospectus.

**DISCLOSURE OF ESTIMATED FINANCIAL DATA**

An issuer can, on an optional basis, communicate estimated financial data after the date on which the financial year or half-year period ends, but before the disclosure of the finalised financial statements for the same period. Although historically issuers have made use of such a communication for estimated or “provisional” financial data, reduced disclosure deadlines are gradually rendering that practice obsolete.
In any case, excluding certain specific situations (for example, in the case of a financial transaction following the end of an accounting period but before the disclosure of the financial statements), such practice is not recommended.

If the issuer decides to disclose estimated financial data, it must comply with the five principles issued in AMF Position/Recommendation no. 2004-04 dated October 12, 2004 and amended on December 4, 2013, related to estimated financial data:

- estimated financial data must be systematically qualified as "estimated results (or financial data)" excluding any other terminology and the issuer must eliminate any risk of confusion with the definitive financial statements with respect to either terminology or presentation;
- the communication must clearly state the degree to which the competent authorities (board of directors or executive board) were involved in examining the estimated financial data as well as the date expected for closing the accounts;
- information provided to the market must be as consistent and complete as possible given the stage of the closing process;
- the reliability of information communicated to the market must be ensured through the respect of appropriate accounting and/or budgeting processes and the issuer must indicate that data communicated have not yet been reviewed or are currently being reviewed by the statutory auditors;
- should the subsequent disclosure of finalised financial statements reveal significant differences from the previously disclosed estimated data, those differences must be explained in detail by the issuer;
- if an issuer communicates estimated financial data in a prospectus that predates the closing of its accounts by the authorised body, the AMF recommends that the report of the estimated profits be written by its statutory auditors;
- if an issuer communicates estimated financial data in a prospectus that post-dates the closing of its accounts by the authorised body and predates the report of the statutory auditors on the consolidated or parent company financial statements, the AMF recommends that issuers make the declarations required by the Prospectus Regulation, obtaining a written statement from the statutory auditors to the effect that the estimated financial data is substantially compliant with the definitive figures to be disclosed in the audited annual financial statements.

In addition, in application of the Prospectus Regulation, should the issuer choose to include a results estimate in a prospectus, such an estimate must include a description of the underlying assumptions and a report from the statutory auditors certifying that the estimates have been made based on the provided assumptions and that the accounting methods used are in accordance with those applied by the issuer for the establishment of its financial statements.
DIFFERENCES BETWEEN PREVIOUSLY DISCLOSED OBJECTIVES AND THE PLAUSIBILITY OF RESULTS (PROFIT WARNINGS)

In accordance with the recommendations made by the working group for profit warnings, as soon as an issuer regularly discloses to the market periodic information related to its strategy and objectives, the characteristics of its business and its sensitivity to macroeconomic factors, the market should, in principle, be capable of measuring the impact of that information, or of any changes in relevant macroeconomic factors, on the issuer. In this case, the issuer will usually update its previously announced objectives through periodic information instead of an immediate and specific disclosure. If the differences are based solely on the economic assumptions used, there is no requirement for the company to provide additional information.

Nevertheless, should an issuer find that there is a difference between previously disclosed objectives and the plausibility of results for any given period (whether such difference be positive or negative), and if that difference appears to be inevitable and material (in absolute amounts, as a percentage of the disclosed objective, or given how fast the gap is widening), a prompt communication to the market concerning that difference seems necessary.

Moreover, a future decline in operating income could be qualified as insider information and result in a sanction being applied by the AMF for not disclosing this information to the market as soon as possible (AMF sanct. July 23, 2015, Faiveley Transport).

Should the issuer deem that an immediate disclosure is necessary, the issuer’s communication should include an update of the objectives and assumptions taking the reported differences into account as well as a commentary related to the reasons for such differences. Aside from the expected one time explanation, this disclosure should focus on qualitative and strategic items and detail the measures to be taken so that the market may assess the issuer’s ability to deal with events. That communication may be followed by an analyst meeting. In any case, the issuer may, under its responsibility, defer the disclosure of that information to the market, should it believe that the difference is not unrecoverable and that, in the case of a negative difference, it may be recovered before the end for the period concerned.

DIFFERENCES BETWEEN FORECASTS PROVIDED BY A HOMOGENEOUS MARKET CONSENSUS AND THE PLAUSIBILITY OF RESULTS (PROFIT WARNINGS)

In principle, it is not the issuer’s role to comment upon forecasts concerning its business made by analysts. Nevertheless, in accordance with the recommendations made by the working group related to profit warnings:

“Whenever a company decides to report that its expected results will be materially below the range of estimates provided by a closely grouped market consensus, and its management concludes that such difference arose from the inadequate explanation of its strategy, from the specific factors affecting its business or from its sensitivity to other
external variables, it should react as soon as possible to provide the appropriate information related to those items. Should the company not have the opportunity to use a periodic disclosure to that effect, such communication should be made specifically and take the form of an official communication released under the conditions provided for by the regulations in force. That communication may be followed by an analyst meeting.

That disclosure should contain qualitative and strategic components rather than provide one time explanations. In addition, the company should mention the detailed actions which will be taken so that the market can judge its capability of managing those events. Nonetheless, should the differences be based solely on the economic assumptions used (for example, differences between the company and analysts in their expectations of price trends for raw materials), there is no requirement for the company to provide additional information because changes in the economic climate, as reflected in the interim results disclosed, will naturally absorb those differences.

In the case that a company deems that its results will be significantly above the range of estimates provided by the relevant market consensus, it is generally useful, and also in the firm’s best interest, to alert the market in order to maintain the medium-term credibility of its communication.”

3 EVENTS ASSOCIATED WITH A COMPANY’S BUSINESS

Information regarding a company’s sales, production, research and development and, to a certain extent, employment-related issues, constitute, along with more strategic announcements (acquisitions or divestitures), the “newsflow” of an issuer, aimed at illustrating the implementation of its strategy and its image.

**The issuer must always make sure that the events it decides to communicate are material, in order to avoid saturating market participants by delivering them an excess of information without any mention of its relative importance.**

Thus, information of a commercial or technical nature, of local or specific interest (related to a sector or technology), which does not achieve a certain threshold of materiality (see below), need not be the subject of an effective and complete dissemination (because it does not qualify as regulatory information), and can just be made available on the issuer’s website.

When an event related to a company’s business occurs, the issuer thus judges if a disclosure to the market is necessary depending on whether the event is material or not and on the potential impact it may have on the share price of the issuer. The issuer can base its decision on the following criteria:

- the expected consequences on financial performance (sales, margins, costs incurred);
- the impact on the balance sheet structure (net debt, shareholders’ equity);
- the estimated impact on the competitive position (gain or loss of market share, etc.), of the strategy (expansion into a new geographical area, diversification of the business, etc.) and of technological advances conferring a competitive edge (competitive advantage, new financial opportunities, etc.);
- the estimated social consequences (recruitment, organisational restructuring, etc.), especially on the geographical area concerned (country, region, etc.);
- the business sector of the issuer (for example: the significance of patents for issuers in the pharmaceutical and cosmetic industries, the significance of large contracts within the oil industry, etc.).

SALES AND MARKETING

This may concern the signing or loss of a contract, the gain or loss of a customer, the signing or loss of a commercial agreement or of a new partnership, or the termination of a partnership.

Any such press release will provide: a strategic view and the presentation of the contract, commercial agreement or partnership and its impact on sales. An introduction of the customer or partner can also be included.

PRODUCTION

Examples of this type of press release might be the announcement of an industrial investment plan, a reorganisation or restructuring plan, the opening or closing of a production line or a new production site.

Points worth mentioning in such a press release include: a reminder of the strategic and market environment, the nature of the production, the locations concerned, the forecast calendar for the opening or closing of production facilities, the amount of investment or the cash and non-cash financial impact of the discontinuation of the business as well as any related impact on the issuer’s organisation and the personnel concerned.

RESEARCH & DEVELOPMENT

Relevant events include the filing, loss, launch, change or discontinued use of a brand name, license or patent or, the launch or discontinuation of a product or service.

If a press release is disseminated, it shall mention the estimated impact on the business, the R&D or marketing expense, the calendar for the launch or discontinued use and, if relevant, the customers concerned.
EMPLOYEE-RELATED EVENTS

Restructuring plans or redundancies, strikes

Should the issuer decide to disseminate a press release on one of these topics, the strategic, macroeconomic, competitive and social impact on the company can be mentioned as well as the factors having led to this type of decision, the number of employees and locations concerned, and the potential impact on cash or other aspects.

It should be noted that, in all cases, any communication to the market of a restructuring plan must be coordinated with the information/consultation of the issuer’s employee representative bodies.

Employee savings plans (PEE)

Communication regarding an employee savings plan shall not be made unless such an event results in a material change, for example, in the employee shareholding in the issuer’s capital with.

Regulations related to the information on employee representative bodies must also be complied.

FINANCIAL DIFFICULTY

If the issuer experiences financial difficulty and is subject to pre-insolvency procedures (ad hoc mandate or conciliation), the AMF considers that since the market is not informed of these events and is aware of the issuer’s general financial position, the latter does not have to inform the public of the opening of such procedures. It is nevertheless recommended to inform the AMF of such an event.

However, in the event of insolvency procedures (safeguards, receivership, liquidation), a press release is required.
COMPOSITION OF THE EXECUTIVE, BOARD OF DIRECTORS OR SUPERVISORY BOARD

Appointment, dismissal or resignation of a member of the board of directors or supervisory board

In principle, the composition of a board of directors or supervisory board is communicated in periodic information (in fact, such information is included in the management report, in the chairman’s report on internal control and risk management and in the registration document).

In the event that an issuer wishes to disclose such information before the dates for disclosure of periodic information, a press release can be issued introducing the person concerned and the main positions occupied and possibly explaining the reason for his appointment, dismissal or resignation. In practice, issuers do not disseminate such a press release except when it concerns the chairman of the board, a board member representing a strategic shareholder or the financial or accounting expert on the audit committee.

In the event that the supervisory board or board of directors propose for an appointment to be put to a vote at the shareholders’ meeting, the press release may be disclosed following a meeting of the board of directors or supervisory board or, at the latest, when the resolution approved by the shareholders’ meeting is disclosed.

In the case of a co-optation by the board of directors or supervisory board or a resignation, this must be disclosed immediately after the meeting of the board of directors or supervisory board at which the co-optation or the resignation took place.

In the event that the shareholders’ meeting decides on the dismissal of a board member, this shall be communicated immediately after the shareholders’ meeting at which the resolution was approved.

Appointment, dismissal or resignation of the chief executive officer or a member of the executive board

Communications related to a chief executive officer or members of the executive board are made in periodic disclosures (this information is, in fact, included in the registration document and the management report provided for by the French Commercial Code).

Immediate communication to the market by the issuer seems nonetheless necessary as of the appointment, dismissal or resignation of a chief executive officer or a member of the executive board.
In practice, in the case of an appointment, the press release disseminated by an issuer will indicate the main functions performed by the chief executive officer or executive board member and may present the various stages of his professional career and the context of his appointment, dismissal or resignation.

The creation of a specialised committee

All companies listed on a regulated market are required to create an audit committee responsible for monitoring the process of preparing financial information, the effectiveness of the internal control and risk management systems, the statutory audit of the financial statements and the independence of the statutory auditors. As regards financial communication, the AMF specified that the audit committee must ensure that a preparation process is in place for the annual, half-yearly and, where appropriate, quarterly press releases36.

There are exceptions, particularly with respect to companies having a board fulfilling the duties of an audit committee. Information related to the creation and functioning of a specialised committee is communicated to the market in periodic disclosures (the chairman’s report relating to the conditions of preparation and organisation of the company’s registration document). Immediate communication to the market is not necessary.

The issuer may nonetheless wish to immediately communicate the creation of a specialised committee in order to demonstrate the implementation of best corporate governance practices.

The indictment, involvement or condemnation of an executive in a legal affair

Information related to any condemnation pronounced against an executive is, in principle, communicated in the registration document37.

In addition, whenever one of an issuer’s executives is the subject of an indictment or, more often, finds himself implicated in a legal affair, the issuer may evaluate whether a disclosure to the market is necessary or appropriate. Such a decision will be based on whether the implication of the executive is likely to have an impact on his ability to perform his functions or on the business of the issuer.

ACTIVITIES OF THE EXECUTIVE, BOARD OF DIRECTORS OR SUPERVISORY BOARD

Management and executive board meetings

In practice, meetings of the management or of the executive board are not subject to any public disclosure.
Meetings of the board of directors or of the supervisory board and special committees

Within the framework of periodic information, the meetings of the board of directors or supervisory board or other specialised committee shall be communicated within the chairman’s report (in the registration document, if such is the case).

In principle, issuers only disseminate a press release following meetings of the board of directors or supervisory board related to important decisions likely to have a material impact on share prices (approval of financial statements, a decision to carry out a financial transaction, etc.).

Such communication may however be deferred, under the responsibility of the issuer, if there is a legitimate interest in doing so and the absence of communication is not likely to mislead the public.

Should the board meeting not concern such a decision, immediate communication to the market does not seem necessary. In particular, the registration document should indicate the members, responsibilities and activities of every board committee.

Lastly, the AFEP-MEDEF Code on corporate governance in listed companies, which was revised in November 2015 (“AFEP-MEDEF Code”), recommends that non-executive directors meet periodically outside the presence of executive or internal directors. The issuer must either provide accounts of these meetings or adhere to the "comply or explain" principle.

COMPENSATION AND BENEFITS

Executive compensation and stock options

In principle, market disclosures related to executive compensation, the allocation and exercise of stock options, and free share grants are made within the context of periodic information (the information is included in the management report required by the French Commercial Code, in the financial statements, in the chairman’s report relating to the conditions of preparation and organisation of the board’s work, and, in the company’s registration document).

The guides for compiling registration documents for compartment A companies (AMF Position/Recommendation no. 2009-16, updated on April 13, 2015) and for compartment B and C companies (mid-caps) (AMF Position/Recommendation no. 2014-14, also updated on April 13, 2015) set out how the “Compensation and benefits” section of registration documents should be presented.

In addition, the Breton law dated July 26, 2005 states that the granting of deferred compensation by an issuer to its executives requires the prior approval by the board of directors or supervisory board and the approval of the shareholders' meeting.
The TEPA law dated August 21, 2007 also states that the granting of deferred compensation is tied to performance criteria and must be approved by the board of directors or supervisory board, depending on the case, after the beneficiary has completed his mandate and before any payment is made to him. The law of December 3, 2008 also imposed new terms and conditions for granting deferred compensation, such as the existence of a similar compensation system for employees.

The TEPA law also requires the disclosure of the board of directors’ or supervisory board’s decisions authorising the granting of deferred compensation and the transfer of such to the beneficiary. The board’s decision authorising the granting of this deferred compensation is disclosed on the company’s website within the five days following the board meeting and may be viewed during the entire duration of the beneficiary’s functions. The board’s decision authorising the payment of this deferred compensation is also disclosed on the company’s site within the same five-day period and may be viewed at least until the following shareholders’ meeting. Each year, shareholders are informed about the existing system of deferred compensation via a special report.

The Macron law of August 6, 2015 extended these tighter controls to defined benefit top-up pension schemes contracted after August 7, 2015 on behalf of the chairman, chief executive or deputy chief executive officers by treating them as related-party agreements and stipulating that these commitments must be approved via a specific resolution submitted to the shareholders’ meeting for each beneficiary and each time a term of office is renewed. The Macron law also stipulates that the board of directors determines any annual increase in the conditional entitlements of these corporate officers and caps the annual increase at 3% of the annual compensation used as the benchmark for calculating the annuity payable.

The AFEP-MEDEF Code recommends that compensation items for executives of listed companies should be subject to an advisory vote at the annual shareholders’ meeting – the ‘say-on-pay’ vote. The AFEP-MEDEF Code also recommends including the following items in the company’s annual report or registration document:

- a specific paragraph detailing the compensation items that are submitted to a vote at the annual shareholders’ meeting; or
- a clear, consolidated presentation of the reports from the meeting of the board of directors or supervisory board that were used to decide executives’ compensation items.

This information may also be disclosed in a specific report.

The High Committee for Corporate Governance has clarified the interpretation of the AFEP-MEDEF Code recommendation that the shareholders’ meeting should be consulted on executive compensation. It has also stipulated that while the Code only deals with exceptional remuneration in relation to variable compensation which is subject to pre-defined performance criteria, the grounds for decisions taken by the board of directors should also be disclosed if the company grants any exceptional remuneration outside of this framework. The High Committee has also published an
example of a table for presenting these remuneration disclosures (Guidelines for applying the AFEP-MEDEF Code on corporate governance in listed companies, December 2015).

As regards start-of-contract indemnities, the AMF and the High Committee for Corporate Governance recommend that the issuer publish the amount of this indemnity – which can only be granted to an executive corporate officer from outside the group – together with the benefits enjoyed by the officer in question in relation to his/her previous functions insofar as these can be made public.

As regards severance indemnities paid by issuers, the AMF now recommends that they publish a press release that provides an exhaustive list of the financial terms and conditions of departure of the officer, especially the following:

- fixed compensation for the current reporting period;
- the basis to be used for calculating the annual variable compensation due for the current reporting period;
- any exceptional remuneration;
- details of what happens to pending, open, multi-year or deferred remuneration plans and to free and share purchase options;
- payment of any severance or non-compete indemnities;
- top-up pension benefits (with details of the amount of the annual annuity payable and the related provision accrued).

Transactions in the issuer’s shares made by executives

Transactions in the issuer’s shares conducted by executives, or by persons having close ties with them38 shall be declared to the AMF within 5 trading days of their occurrence if the cumulative amount of these operations does not exceed €5,000 for the current calendar year39. A form for such declaration is available on the AMF’s website (AMF Instruction no. 2006-05, updated on July 8, 2013).

A summary of those transactions shall be included in the management report required by the French Commercial Code.

In certain exceptional cases, the issuer may want to communicate on a transaction should it deem it to be material in nature.

In its Position no. 2006-14, updated on July 8, 2013, the AMF sets out the mandatory declarations of transactions carried out by executives, persons having close ties with them or persons considered as having close ties with them, in a Q&A.

A list of these mandatory disclosures is provided in Commission Delegated Regulation no. 2016/522 dated December 17, 2015, pursuant to Regulation no. 596/2014 and applicable from July 3, 2016.
SHAREHOLDERS’ MEETINGS

Information to the shareholders concerning shareholders’ meetings

The issuer’s shareholders shall be informed of shareholders’ meetings through the publication of a notice in the BALO at least 35 days prior to such a meeting (that deadline being shortened to 15 days in the case of a meeting that has been called in relation to a takeover bid, in order to respect the calendar constraints associated with the takeover procedure).

In particular, the notice of meeting shall indicate the meeting agenda and provide the draft resolutions to be submitted to shareholders for approval as well as the address of the website which provides all information regarding the shareholders’ meeting and if need be the address of the website dedicated to electronic voting.

The issuer shall also post on its website an explanatory statement for the draft resolutions at the same time as the notice of meeting (proposal no. 4 of AMF Recommendation no. 2012-05 of July 2, 2012, amended on February 11, 2015).

The French Commercial Code, moreover, sets out a specific framework for electronic voting by correspondence and by proxy40.

At the latest, 15 days prior to the initial notice of a shareholders’ meeting (or 6 days in the case of a shareholders’ meeting for the approval of a takeover bid) and, at the latest, 6 days prior to a second notice (or 4 days in the case of a takeover bid), a notice shall be published in a journal approved for the disclosure of legal announcements within the French district where the issuer’s headquarters are registered and in the BALO.

In order to favour shareholder participation in shareholders’ meetings, the AMF41 recommends, in addition to the publication on the website of the notice of meeting that issuers also post their notices on their websites and disclose the date, the location and the time of the shareholders’ meeting through a notice published in a newspaper with national circulation. Such disclosure should be made simultaneously at the time of the publication in the BALO and the journal of legal announcements. The AMF also recommends that issuers include on their website and in a press release the means by which shareholders can obtain the preliminary documentation to prepare for the shareholders’ meeting (an example of such a press release is included in Appendix 5 of the AMF Guide to Filing Regulatory Information with the AMF and to its Dissemination).

It should be noted that Directive 2007/36/EC dated July 11, 2007, related to the exercise of certain rights of shareholders of listed companies, was transposed into French law in December 2010 and enforceable for shareholders’ meetings held as of January 1, 2011, requires companies to have a website42.
Written and oral questions from shareholders

In application of the principle of equal access to information, the communication of answers to written and oral questions asked by shareholders is necessary if the issuer deems that those answers provide insider information within the meaning of market regulations.

If the issuer deems that, in application of the aforementioned principle, market communication is necessary, the issuer’s press release must be disclosed at the beginning of a shareholders’ meeting in the case of answers to written questions and immediately after the close of a shareholders’ meeting in the case of oral questions.

Meeting minutes

The AMF recommends the posting of summary minutes of shareholders’ meetings on the company’s website within two months of the meeting and to draw up the full report as soon as possible and within four months of the meeting (proposition no.6 in AMF Recommendation no. 2012-05 of July 2, 2012, amended on February 11, 2015.

5 EVENTS AFFECTING THE SHAREHOLDING STRUCTURE

CHANGES IN THE SHAREHOLDING STRUCTURE

Voting rights and shares making up the share capital

According to the regulations (article 223-16 of the AMF’s General Regulations), every month, issuers are required to send to the AMF and publicly disclose the total number of shares and voting rights making up the share capital if those figures differ from the information previously disclosed (a sample press release is shown in Appendix 12 of the Guide to Filing Regulatory Information with the AMF and to its Dissemination).

Information on the number of shares and voting rights making up issuers’ share capital is not published on the AMF’s website. It is disseminated by issuers as part of regulatory information requirements.

Crossing of legal thresholds (information for which the shareholder is responsible)

Market disclosures in the event of a change in the issuer’s shareholding base are provided for in the regulation. In the event that a legal threshold is crossed (i.e. 5%, 10%, 15%, 20%, 25%, 30%, one-third, 50%, two-thirds, 90% or 95% of the issuer’s share capital or voting rights), whether upwards or downwards, the shareholder must notify the AMF and the issuer concerned by the fourth trading day after the threshold is crossed, at the latest.
The Florange law of March 29, 2014 introduced the automatic granting of double voting rights starting on April 2, 2016 (unless stipulated otherwise in the articles of association) for all fully paid shares that can be proven to have been held in the same name for at least two years. Consequently, shareholders should be particularly attentive to crossing these thresholds. The AMF publishes this information on its website once it has received the form for disclosing the threshold crossing, which is also available on its website. The AMF does not yet appear to have adapted its disclosure form to the extended scope of persons subject to disclosure requirements (see below) as the form still contains the heading referring to the person controlling the shareholder at the highest level.

Order no. 2015-1576 of December 3, 2015 has amended article L. 233-7 of the French Commercial Code together with the disclosure scope for declaring crossings of thresholds.

- Article L. 233-7 of the French Commercial Code now states that shares included in the calculation of shareholding thresholds may be owned "directly or indirectly".
- The scope of financial instruments excluded from the calculation has been enlarged. In addition to shares, this now also includes agreements and financial instruments listed in article L. 233-7 and article L. 233-9 of the French Commercial Code that meet certain criteria (acquired for the sole purpose of clearing, held by custodians, held in the trading portfolio of an investment services provider, and acquired for the purpose of stabilisation, etc.).
- Agreements and financial instruments giving rise to a physical or cash settlement (article L. 233-9 I 4° bis of the French Commercial Code) and options that are exercisable immediately or in the future, are now included in the shares and voting rights used to calculate crossing of thresholds that must be disclosed. Clearly, only instruments giving long positions need to be included, however the AMF recently considered that a double assimilation was needed when physical calls were acquired by a party and physical puts sold by the same party, even though the characteristics of the situation make it impossible to truly acquire the shares underlying the calls and puts (a clause nullifying the calls or puts, respectively, in the event that these puts or calls are exercised).
- The acquisition of securities as part of a buyback programme or a financial instrument stabilisation programme represents another exemption from disclosures of upward or downward crossings of thresholds established by the company’s articles of association and of legal thresholds and temporary sale agreements, provided that the attached voting rights are not exercised or used for purposes other than to intervene in the management of the issuer (art. L. 233-7, IV of the French Commercial Code).

Lastly, pursuant to article 223-15-1 of the AMF’s General Regulations, disclosure requirements when crossing statutory and legal thresholds also apply to organised multilateral trading facilities when a single person owns over 50% or 95% of a company’s capital or voting rights. In such cases, not only the AMF but the issuing company as well, must be informed that these thresholds have been crossed.
As a result, according to the regulation, the notice of threshold crossing indicates in particular the crossed threshold, the total number of shares and voting rights held and the name of the shareholder who has crossed the threshold.

The shareholder who has crossed the threshold must also specify:
- the number of shares that the shareholder owns that give deferred rights to newly issued shares and the corresponding voting rights;
- existing shares that the shareholder may obtain, by way of an agreement or a financial instrument that requires physical or cash settlement, not including those that have already been counted in the calculation to determine the crossing of the threshold.

The notice of threshold crossing must also (i) disclose whether the shareholder is acting alone or in concert with others and, (ii) in the event of crossing the thresholds of 10%, 15%, 20% or 25% of share capital or voting rights, (iii) state the objectives for the next six months in a declaration of intent.

The declaration of intent should be sent to the issuing company and be received by the AMF by the end of the fifth trading day following the threshold crossing. It must specify the objectives to be pursued in the coming six months, the methods of financing the acquisition, whether the acquirer is acting alone or in concert, whether the acquirer is planning to stop or continue purchasing and to acquire control or not, the planned strategy in relation to the issuer and the transactions to implement this strategy, the acquirer’s intent as to the settlement of the agreements and instruments mentioned in points 4 and 4 bis of section I of article L. 233-9 of the French Commercial Code if the acquirer is a party to such agreements or instruments as well as any temporary sale agreement concerning the shares or voting rights. This declaration will also specify whether the acquirer plans to request appointment for him/herself or for one or more persons as a director, member of the management board or the supervisory board. In the event of a change in intent within six months, a new declaration must be immediately sent to the company and the AMF and brought to the public’s attention, thus marking the start of a new six-month period.

**Crossing of legal thresholds (information for which the issuer is responsible)**

In principle, within the framework of periodic information, the issuer discloses the composition and possible changes to its shareholding structure upon publication of its registration document.

As an exception, when the shareholding structure has been modified following a transaction to which the issuer is a party, the issuer may consider it necessary to disclose the information to the market immediately, because of the material nature of the change.

The issuer’s press release should be published either when the definitive agreement that will result in a change in the shareholding structure is reached, or prior to reaching
a definitive agreement when it becomes obvious that the confidentiality of the change in the shareholding structure can no longer be assured.

In the absence of a material change in the shareholding structure, an issuer who wishes to disclose to the market any change in its shareholding structure is completely free to make such a disclosure.

If the issuer believes that an immediate disclosure is necessary or timely, the press release disseminated by the issuer may describe the transaction that led to the change in the shareholder structure and provide the breakdown of share capital following the transaction, the company’s main commitments and, if appropriate, the company’s position relative to this change in shareholder structure.

**Crossing of thresholds established by the company’s articles of association**

A shareholder who has crossed a threshold established by the company’s articles of association is obliged to declare this breach to the issuer within the time limit set in the articles of association.

Crossing a threshold established by the company’s articles of association is now considered regulatory information and complete and effective disclosure of such information is now provided by the AMF itself on its website (articles 221-1 and 221-3 of the AMF’s General Regulations).

**Shareholders’ agreements concerning the issuer: signature or termination**

Clauses in shareholders’ agreements that set preferential conditions for disposal or acquisition of shares covering at least 0.5% of both the issuer’s share capital and voting rights must be sent by the signatories to the AMF, which will issue a notice accordingly, within five trading days of the signature of the agreement.

However, the issuer is under no obligation to disclose to the market either the signature or termination of a shareholders’ agreement of which it is the subject. In principle, the issuer’s disclosure of shareholders’ agreements is made in periodic information (registration document).

**Shareholders’ agreements concerning a subsidiary or investment of the issuer: signature or termination**

When the issuer signs a shareholders’ agreement concerning one of its listed subsidiaries or an investment in a listed company, or when such an agreement is terminated or expires, according to the regulation, market disclosure is mandatory if the agreement sets preferential conditions for the disposal or acquisition of shares covering at least 0.5% of both share capital and voting rights.
The shareholders’ agreement must then, under the terms of the regulation, be sent to the AMF, which will issue a notice accordingly, within five trading days of the agreement’s signature.

If the agreement does not concern a listed company or if it concerns a listed company but does not set preferential conditions for the disposal or acquisition of shares covering at least 0.5% of both share capital and voting rights, the issuer will evaluate whether market disclosure is necessary or timely depending on the situation, by examining the materiality of the shareholders’ agreement, notably with regard to the major strategic interest of the subsidiary for the issuer, the number of shares covered by the shareholders’ agreement, and the rights conferred to the issuer and/or any other parties to the agreement.

If the issuer believes that market disclosure is necessary or timely, the press release should be published immediately by the issuer, as soon as the agreement is signed expires or is terminated.

The issuer’s press release should indicate the identities of the contracting parties, the number of shares covered by the agreement and the term during which the agreement will remain in force. The press release should also describe the main rights and obligations that the signatories will derive from the agreement, as well as the results of its termination (end of the potential concerted action, etc.).

BUYBACK AND/OR DISPOSAL BY THE ISSUER OF ITS OWN SHARES

In the event of a buyback and/or disposal by the company of its own shares, market disclosure is mandatory pursuant to the regulation. The content and means of the disclosure are set by the regulation.

Setting up a share buyback programme

A document known as "Programme Description" not subject to AMF approval must be published prior to the implementation of a share buyback programme. The description of the buyback programme is qualified as regulatory information within the meaning of the AMF’s General Regulations and as such is subject to the requirement of effective and complete dissemination. In the event that the description is included in the registration document, the issuer is not subject to the requirement of effective and complete dissemination of this information.

Decision to implement a share buyback programme

In general, issuers do not communicate information concerning the decision to implement a share buyback programme that has been authorised by the shareholders' meeting, given that any announcement may have an impact on the issuer’s share price, and thus may make the share buyback programme’s implementation more costly for the issuer.
Implementing of a share buyback programme

The AMF’s General Regulations require the issuer to inform the market of all transactions carried out within the framework of a share buyback programme within seven trading days following execution of the transactions. This weekly disclosure is made on the issuer’s website.

The issuer must also inform the AMF, on a monthly basis, of cancelled shares, transactions carried out within the framework of a buyback programme and open positions on derivatives on the date of the declaration. The monthly notice constitutes regulatory information within the meaning of the AMF’s General Regulations and as such is subject to the requirement of effective and complete dissemination. This information is available online on the AMF’s website. If the weekly declaration relating to the implementation of the share buyback programme contains all the information required in the monthly notice, the issuer is not required to file the monthly notice.

The board of directors or the management board must indicate, in its annual report to shareholders, the number of shares purchased and sold in the course of the year within the scope of the share buyback program, the average prices of the purchases and sales, the amount of the trading fees, the number of shares registered in the company’s name at the year end and their value in terms of the bid price as well as the nominal value of shares allocated to each planned objective, the number of shares used, any reallocations of the shares to other objectives, and the fraction of share capital that they represent.

Cancellation of own shares

In principle, market disclosure relative to the cancellation of repurchased shares is made within the framework of the monthly notice concerning the share buyback programme.

In addition, listed companies are required to disclose the total number of shares and voting rights making up the company’s share capital on a monthly basis if they differ from those in the preceding month’s disclosure, as in the event of the cancellation of repurchased shares (see Part II, Section 5 “Voting rights and shares making up the share capital”).

As an exception, if the issuer considers immediate market disclosure to be necessary or timely in view of the material size of the cancellation, it should indicate in a press release the impact of the cancellation on voting rights and financial ratios for the issuer (with the stipulation that the total number of voting rights used as a basis for calculating threshold crossings remains the same as that indicated in the most recent declaration published by the issuer pursuant to article L. 233-8 II of the French Commercial Code).
LIQUIDITY CONTRACT

The liquidity contract entered into by the issuer within the framework of its share buyback programme must be disclosed to the market by means of a press release disseminated according to the same rules as regulatory information.

A notice shall be published:

- upon implementation of a liquidity contract,
- at the same time as the half-yearly balance sheet,
- when the liquidity contract is terminated and
- when any change is made to any features of the liquidity contract.

DIVIDENDS

Dividend payments

The draft resolution submitted to the annual shareholders’ meeting concerning the distribution of a dividend is attached to the management report as described in the French Commercial Code.

The issuer must also publish a press release announcing the amount of the proposed ordinary or extraordinary dividend that is to be put to a vote at the shareholders’ meeting or the amount of the interim dividend, and the planned dividend or interim dividend payment date.

Information concerning the proposed dividend may be included in the issuer’s press release announcing the annual results. Information concerning an interim dividend payment may be included in the issuer’s press release announcing the half-yearly or quarterly results, as appropriate.

The AMF\(^46\) and ESMA\(^47\) have indicated that because of their potential impact on valuation of open derivative positions, the following must be considered as insider information: (i) information concerning the amount of the proposed and final dividend, the form of the dividend payment, the ex-dividend date, and the payment date of the proposed dividend to be submitted to a vote by the shareholders’ meeting, and (ii) information on changes in dividend payment policy.

Given the technical constraints, applicable to securities traded on Euronext concerning the time period for dividend payments, it should be emphasised that the dividend payment date shall be set no earlier than the fifth working day following the shareholders’ meeting that approved the distribution of the dividend (see diagram below).

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\(^{47}\) ESMA Questions & Answers no. 2015/1635 of November 9, 2015.
Diagram of the positioning of dates for dividend management

Ex-dividend date:
Date from which trades are executed with the dividend detached, that is, bearers of shares traded from that date will not receive dividends.

Dividend record date:
Date on which Euroclear determines the persons who have the right to payment of the dividend on the basis of position balances at the end of its accounting day. In general, this is the day before the payment date.

Dividend payment date:
Date from which dividends are payable. This date is determined by the issuer and serves as a reference to anchor the other dates.

Change in the dividend payment date
If the issuer decides to change the date for payment of the dividend to its shareholders to a date that is significantly different from the previous year’s payment date, the market must be informed within a reasonable time.

Pursuant to the AMF’s Position/Recommendation no. 2007-10 of March 23, 2007, amended on August 1, 2012, the notice to the market indicating the new dividend payment date must be given within a reasonable amount of time before the planned dividend payment date so that, when the issuer’s shares constitute the underlying instruments of the derivatives, derivative market participants can integrate the change in dividend payment date into their valuation models.

Such situations arise notably when payment of the dividend per share will be made during a different derivative maturity period than that in the previous year (for example, a dividend per share paid in June of year N and ex-dividend date moved to May in year N+1).
The same principles apply when issuers modify their dividend distribution policy by scheduling one or several interim dividend payments or by modifying the ex-dividend date.

6 RISKS AND LITIGATION

In the course of its business, the issuer may be exposed to various types of risks.

Schematically, it is possible to distinguish between the issuer's own risks that are specific to it and are related to internal factors (for example, the risk of default of one of its clients, risks related to inappropriate supplier practices, risks linked to a significant event concerning a listed or non-listed subsidiary of the issuer, or the risk of default of a counterparty in market transactions), risks related to external factors, particularly macroeconomic factors, that may have an impact on its business and/or its results (for example, market risks including currency risk, interest rate risk, liquidity risk or commodity-related risk), risks related to changes in regulation applicable to the issuer or modification of tax law, or country risks that may have an impact on the issuer’s production, product distribution or supplies.

In its Guide for Compiling Registration Documents, the AMF sets out its recommendations for the drafting of the “Risk factors” section of registration documents.

RISKS RELATED TO CHANGES IN MACROECONOMIC FACTORS

The issuer shall in principle disclose to the market, on a regular basis, within its periodic information, information that will enable investors to assess its sensitivity to macroeconomic risks. Thus, the market should in principle be able to assess the impact on the issuer’s situation of any change in macroeconomic factors that may affect it.

Information on market risks to which the issuer is exposed must be included in the issuer’s financial statements under IFRS 7. The section in the management report and the annual financial report on the main risks and uncertainties and the "risk factors" section of the registration document may refer to relevant passages of the issuer’s financial statements for the description of these market risks.

In addition to this information, the chairman’s report on internal control must also report on risk management procedures. For reporting years ending on or after December 31, 2016, this report must also describe the financial risks related to the effects of climate change and the measures taken by the company to mitigate these by deploying carbon-light processes in all components of its business.

49 - Following the report of a working group chaired by Jean-Claude Hanus and a public consultation process, in February 2016, the AMF submitted proposals for legislative regulatory changes to the French Minister for Justice (Garde des Sceaux) to include the information contained in the chairman’s report on internal control and risk management procedures within the management report.

50 - See article L. 225-37 of the French Commercial Code in the version to be published on December 31, 2016, deriving from law no. 2015-995 of August 17, 2015 relating to the energy transition to promote green growth. Pursuant to this law, these provisions will only apply to French companies with boards of directors, however, guidance is unanimous in considering that this was an oversight and that the report prepared by the chairman of the supervisory board should also describe these risks for reporting years ending on or after December 31, 2016.
Consequently, the issuer generally does not need to make any immediate and specific communication concerning its sensitivity to changes in macroeconomic factors, such communication being made in principle through the dissemination of periodic information. However, when the issuer believes that a change in a macroeconomic factor has led to an unjustified disturbance in its share price, it should examine whether the disturbance has resulted from an insufficient explanation to the market of its sensitivity to the relevant macroeconomic factor. If this is the case, the issuer should communicate rapidly to the market in order to provide it with a full explanation that will enable market participants to assess the impact of changes in the relevant macroeconomic factor on its business and/or its results.

**RISKS SPECIFIC TO THE ISSUER**

Disclosures relative to risks specific to the issuer are provided in principle within its periodic information (the information will be shown in the management report, the annual financial report and/or the registration document or even in an updated version of it).

However, as an exception, the issuer should publish a press release as soon as it determines the existence of a risk that is not known to the market if it considers the scope and potential financial impact of the risk to be of such significance, particularly with regard to the estimated impact on its performance and financial structure under various risk scenarios, the potential impact on its share price, the estimated impact on its strategy and/or organisation and the potential impact on its reputation, that it necessitates immediate market disclosure.

When the issuer considers that immediate disclosure to the market is necessary, the information should include an explanation of the type of risk and should describe the internal control procedures put in place by the issuer. The issuer’s disclosure may also include a quantified assessment of the impact in the event that the risk materialises (provided that this assessment is sufficiently reliable) and it may indicate whether the issuer has hedged the risk.

**LITIGATION**

In the course of business, the issuer is exposed to various types of litigation.

Schematically, that litigation may be of the following types:
- litigation with a client, a supplier or a commercial partner;
- action for damages brought against the issuer due to defects in its products or services or related to non-compliance with environmental regulations;
- litigation with the French or European administrative authorities;
- litigation with employees or their representatives.
In principle, the issuer’s communication concerning any major litigation is made within its periodic information (registration document and financial statements).

As an exception, the issuer assesses the necessity and timeliness of immediately disseminating a press release by examining whether the litigation is material with regard to its industrial, commercial and/or financial consequences for the issuer, it being understood that the materiality of litigation with employees and/or their representatives must be assessed with regard to the payroll concerned and claims against an employee redundancy plan or a collective bargaining agreement.

In practice, the issuer’s communication generally pertains to the terms of the litigation and the amount of the claims against the issuer relative to the litigation. The issuer’s communication may also include an assessment of the potential commercial, industrial, social and/or financial impact of the outcome of the litigation for the issuer – provided that disclosure of this assessment will not damage the issuer’s interests within the framework of the legal proceedings in progress – and, if necessary, the communication may also state whether the litigation has been provisioned in the issuer’s financial statements.

7 RUMOURS AND LEAKED INFORMATION

RUMOURS

As a general principle, issuers should not comment on rumours concerning them, regardless of the source of the rumour (market traders, media, internet forums on the market, etc.). As an exception, in the event of a persistent unfounded rumour which the issuer finds to be causing a significant disturbance in the price and/or trading volumes for its shares, it is up to the issuer to assess whether a press release denying the rumour should be published.

If the rumour has a basis in truth, the matter very likely concerns leaked information, which should be treated as such (see below, “Leaked information”). The specific case of a rumour or leaked information relative to a takeover bid on the issuer is discussed in the section devoted to takeover bids.

LEAKED INFORMATION

In the event of leaked information concerning the issuer, disclosure to the market is deemed necessary if the issuer judges that the leaked information is causing a significant disturbance in the price and/or trading volumes of its shares.

When the issuer deems that disclosure to the market is necessary, the issuer should act as quickly as possible to publish either a confirming press release or a release stating that
information on the matter will be issued shortly, which in the latter case should cover only a brief period until the leaked information can be confirmed by the issuer. The specific case of a rumour or leaked information relative to a takeover bid on the issuer is discussed in the section devoted to takeover bids.

8 MERGERS AND ACQUISITIONS

ACQUISITIONS AND DISPOSALS

Existence of negotiations and signature of a letter of intent or pre-contractual document

If the issuer is in the process of negotiating with a third party concerning an acquisition or disposal, and if it can no longer guarantee the confidentiality of this information, it must judge whether immediate market disclosure is necessary or timely, depending on the situation, with regard to whether the transaction is material (the materiality of the transaction being assessed particularly in consideration of the criteria discussed in the sub-category entitled “Signature of a firm agreement”).

If the transaction is not material, the issuer’s disclosure of the existence of negotiations is optional and may be made at its complete discretion.

If the issuer considers immediate market disclosure to be necessary or timely, the issuer’s release will indicate in practice the purpose of the negotiations, the state of advancement of the negotiations and the partner’s name.

In the event of the signing of a pre-contractual document (memorandum of understanding, letter of intent, etc.), the issuer’s communication may, in certain cases, contain a summary of the key provisions of the agreement as well as possible future steps or conditions precedent that should be fulfilled prior to the conclusion of a firm agreement or implementation of the transaction when the issuer judges that market disclosure of this information is necessary or timely.

Data room

AMF Recommendation no. 2003-01 sets out the procedures for disclosing insider information prior to the sale of significant stakes in companies listed on a regulated market (“data room” procedures). This procedure should be limited to operations that enable significant stakes to be reclassified and should be subordinated to confidentiality agreements designed to prevent any risk of disclosure and use of insider information. Data room access should also be restricted to persons who demonstrate a significant interest in acquisition. In order to reiterate the principle of equal access to information in the course of a financial transaction, the AMF also expects issuers to publish all
sensitive confidential information communicated between the future investor(s) and the company in the prospectus. In its draft position/recommendation on ongoing financial information and the management of insider information, the AMF stipulates that in the event that a data room is organised in the course of a takeover bid and, if there are several competing bids, the issuer needs to ensure access for all of the competitors to the information contained in the data room and enter into a confidentiality agreement with each one.

**Signature of a firm agreement**

Upon the issuer’s signing of a firm agreement concerning an acquisition or disposal transaction, the issuer shall judge whether immediate market disclosure is necessary or timely with regard to the material nature of the acquisition or disposal for the issuer.

The material nature of the disposal or acquisition, depending on the case, should be assessed in particular with regard to the size of the acquisition and its estimated impact on the issuer’s business, results and financial structure, the strategic, financial, commercial and/or industrial importance of the transaction for the issuer and the capital gain or loss realised by the issuer in the event of a disposal.

If the transaction is not of material importance for the issuer, market disclosure may nonetheless be made if announcement of the acquisition would correspond to an expectation on the part of the market.

Market disclosure is made by the publication of a press release. In certain cases, the issuer will also organise a meeting for analysts or a press conference relative to the transaction.

In practice, the press release disseminated by the issuer generally includes a description of the target (businesses, financial results and outlook) and strategic, financial, commercial and/or industrial objectives pursued by the issuer in the framework of the acquisition or disposal, as appropriate. The press release also outlines any pending conditions precedent to the completion of the transaction (regulatory and competitive authorisations, etc.) and provides a provisional timetable for the transaction (a sample press release is shown in Appendix 2 of the Guide to Filing Regulatory Information with the AMF and to its Dissemination).

Concerning an acquisition, the press release disseminated by the issuer generally indicates the purchase price if it is material and may, if the issuer judges it useful, indicate the means of financing planned for the transaction. If appropriate, the press release may also indicate the accounting impact of the transaction, anticipated synergies, the advantages of changing or leaving in place the target company’s management and a description of the specific risks presented by the target (such as environmental or social risks, etc.).
Concerning a disposal, the press release disseminated by the issuer generally indicates the estimated capital gain or loss if it is material (however, this information may be provided qualitatively instead of being quantified). It is also useful to note that, in certain cases, for specific accounting reasons related to the asset divested, this information may not be disclosed to the market if it is likely to mislead the public.

However, in practice issuers rarely transmit to the market a description of the context of the transaction or disclose the existence of agreements or related transactions (such as management contracts, commercial contracts, etc.).

**Completion of a transaction (Closing)**

In practice, issuers generally issue a disclosure to the market when an acquisition or disposal of material importance, and about which they have previously communicated, is completed, particularly if the market had been informed that the circumstances of the transaction carried the risk of it not being completed.

In addition, the acquisition or disposal will result in a change in the issuer’s consolidation scope that may require providing pro forma information within its periodic information (see above, “Change in the consolidation scope of the issuer [publication of pro forma information]”).

**Fulfilment or non-fulfilment of conditions precedent relating to the transaction**

When conditions precedent (authorisation by the relevant competition authorities, regulatory authorisations, etc.) relating to a disposal or acquisition about which the issuer has previously communicated are fulfilled, the issuer will assess, on a case by case basis, the necessity or timeliness of disclosing this information to the market with regard to the material importance of these conditions precedent in carrying out the transaction.

In the event of non-fulfilment of a condition precedent relating to a disposal or acquisition about which the issuer has previously communicated, immediate market disclosure is necessary if such non-fulfilment of the condition precedent definitively prevents the transaction from being carried out.

**Break-off in negotiations**

In the event that negotiations are broken off, immediate disclosure to the market is necessary if the market was previously informed that negotiations were in progress; in the opposite case, a disclosure of the information to the market would not appear desirable.

If the issuer discloses the break-off in negotiations, the press release published by the issuer will recall the purpose of the negotiations. In practice, it is rare for the press release to indicate the exact reasons for breaking off negotiations.
Transfers and acquisitions of significant assets

Since June 2015, the AMF has recommended\(^{51}\) that each company whose securities are authorised to trade on a regulated market should consult the shareholders' meeting prior to transferring – in one or several operations – or entering into a promise or an option to sell, assets representing at least half of its total assets on average over the two preceding financial years. Consultation of shareholders is also recommended when at least two out of five financial ratios defined by the AMF in its Position/Recommendation no. 2015-05 reach or exceed half of the consolidated benchmark indication for this ratio, calculated over the two preceding financial years (e.g., sales generated by the assets or business transferred, divided by consolidated sales, or the asset sale price divided by the group’s market capitalisation). If the company decided not to apply the ratios indicated previously, it must justify its choice and indicate the alternative criteria selected and justify their relevance.

The AFEP-MEDEF Code, amended most recently in November 2015, states that in the event of a negative vote at the shareholders' meeting, the board must immediately publish a press release on its website setting out how it intends proceeding vis-à-vis the operation.

Moreover, if these transfers or acquisitions are part of the normal business activity of companies whose main activity is acquiring and managing investments, such companies must still explain – in a well-reasoned manner adapted to their specific situation – why they consider that it is in the company’s interest to dispense with this consultation.

The AMF and the AFEP-MEDEF Code also recommend that executives inform the shareholders and the market of:
- all transfers and acquisitions of significant assets not necessarily determined by the afore-mentioned ratios;
- the context and negotiation of the transfer or acquisition agreement; strategic, economic and financial motives that led the transfer process to be considered and then carried out;
- the successive stages in the lead-up to the operation launched by the company’s governing bodies in the company’s interest;

In the case of asset transfers, details must also be given of the quantitative and qualitative criteria used to select the successful bid and, in the event of several competing bids, how these were analysed and rejected, subject to confidentiality restrictions. For acquisitions of significant assets, details must be provided of the methods of financing the operation.

MERGERS, DE-MERGERS, PARTIAL MERGERS OR SPIN-OFFS

In the framework of an internal reorganisation

- **Definitive decision by the governing bodies**
  When the issuer decides to carry out a merger, de-merger, partial merger or spin-off within the framework of an internal reorganisation, the issuer will assess whether market disclosure is necessary or timely by examining the material nature of the transaction with regard particularly to its strategic, commercial, industrial and/or financial interest for the issuer, the scale of the reorganisation, the impact of the reorganisation on the issuer’s consolidated financial statements and the dilutive effect of the transaction on shareholders.

  If the issuer judges that disclosure is necessary or timely, the issuer’s press release should be disseminated as soon as the definitive decision has been made by the governing bodies of the group’s parent company.

  In practice, the press release generally indicates the reasons for the transaction and its positioning in the issuer’s group strategy as well as a description of the transaction and its impact on the group’s reorganisation and specifies the provisional timetable for the transaction. It also indicates, if necessary, the dilutive impact of the transaction for the issuer’s shareholders. In some cases, the press release disseminated by the issuer details the exchange parity or contribution value and describes the impact of the transaction on the financial statements (or at least on key figures) of the companies concerned (notably including, if applicable, an estimate of restructuring costs).

- **Fulfilment or non-fulfilment of the conditions precedent**
  Upon the fulfilment of conditions precedent (regulatory authorisations, etc.) relating to a merger, de-merger, partial merger or spin-off in the framework of an internal reorganisation, and about which the issuer has previously communicated, the issuer will determine on a case-by-case basis whether market disclosure is necessary or timely with regard to the material nature of the conditions precedent for the completion of the transaction.

  In the event of non-fulfilment of a condition precedent relating to a merger, de-merger, partial merger or spin-off in the framework of an internal reorganisation, and about which the issuer has previously communicated, immediate market disclosure is necessary if the non-fulfilment of this condition precedent definitively prevents the transaction from being completed.

- **Completion of a transaction**
  In practice, issuers generally disclose to the market when a reorganisation of material size, and about which they have previously communicated, has been completed, especially if the market had been informed that the circumstances of the transaction carried the risk of it not being completed.
In the framework of a merger with a third party

- **Existence of negotiations, signature of a pre-contractual agreement**
  When the issuer is in negotiations with a third party in relation to a merger, partial merger or spin-off, and the issuer is no longer able to guarantee the confidentiality of this information, it will assess whether immediate market disclosure is necessary or timely, with regard to whether the transaction is of material importance (its material importance being assessed notably in consideration of the criteria described in the sub-category entitled “Signing of the formal agreement”).

  If the transaction is not material in size, the issuer’s communication on the existence of negotiations is optional and may be made at its entire discretion.

  If the issuer judges that immediate market disclosure is necessary or timely, the issuer’s communication will in practice indicate the purpose of the negotiations, their state of advancement and the partner’s name.

  In the event of the signing of a pre-contractual document (memorandum of understanding, letter of intent, etc.), the issuer’s communication may, in certain cases, contain a summary of the key provisions of the agreement as well as possible future steps or conditions precedent that should be fulfilled prior to the conclusion of a firm agreement or implementation of the transaction when the issuer judges that market disclosure of this information is necessary or timely.

- **Signing of the formal agreement**
  In a merger, de-merger, partial merger or spin-off carried out with a third party, at the time of signing the formal merger or partial merger agreement, the issuer assesses whether immediate market disclosure is necessary or timely on the basis of whether the transaction is material as regards its strategic, commercial, industrial and/or financial interest for the issuer and its estimated impact on the issuer’s results and financial structure.

  Market disclosure is made by publication of a press release. In practice, the press release disseminated by the issuer generally indicates the reasons for the transaction and the anticipated synergies as well as the transaction’s terms and conditions, its timetable and any possible conditions precedent (notably, regulatory and competition authorisations).

  It generally describes the impact of the transaction on the issuer’s consolidated financial statements and on the composition of governing bodies and states the price, the exchange parity or the consideration for the contribution, as appropriate.

  In some cases, issuers also organise analyst meetings or press conferences relative to the transaction.
When the issuer is the beneficiary of the contribution, the press release disseminated by the issuer generally contains an indication of the dilution that will result from the transaction for the issuer’s shareholders.

When the issuer is the contributing company, the press release disseminated by the issuer contains in most cases an indication of the issuer’s strategic interest in the stake received in consideration for the contribution.

However, in practice issuers rarely disclose to the market a description of the context of the transaction or disclose the existence of agreements or related transactions (such as management contracts, commercial contracts, etc.).

**Fulfilment or non-fulfilment of the conditions precedent**

Upon fulfilment of the conditions precedent (authorisation by the relevant competition authorities, regulatory authorisations, etc.) relating to a merger, de-merger, partial merger or spin-off in the framework of a merger with a third party, and about which the issuer has previously communicated, the issuer will assess, on a case-by-case basis, the necessity or timeliness of disclosing this information to the market with regard to the material importance of these conditions precedent to carry out the transaction.

In the event of non-fulfilment of a condition precedent relating to a disposal or acquisition about which the issuer has previously communicated, immediate market disclosure is necessary if such non-fulfilment of the condition precedent definitively prevents the transaction from being carried out.

**Completion of a transaction**

In practice, issuers generally make a disclosure to the market when a merger of material importance with a third party about which they have previously communicated is completed, especially if the market had been informed that the circumstances of the transaction carried the risk of it not being completed.

**TAKEOVER BIDS**

**Events concerning the offeror**

**Rumours**

The reform of takeovers put in place by the March 31, 2006 Act introduced an anti-rumour mechanism (‘put up or shut up’) into French law, the details of which are set out in articles 223-32 et seq. of the AMF’s General Regulations.

This mechanism enables the AMF, in particular when the market in an issuer’s securities shows significant unusual variations in price or volume, to request that any entity in respect of which there is reasonable cause to think that it is preparing a takeover bid make a declaration within a period fixed by the AMF.
If the entity declares that it has no intention of making a takeover bid on the potential target, that entity may not launch an offer on the company concerned prior to the expiration of a period of six months following the date of this declaration, unless there is a significant change in the environment, the situation or the shareholding structure of the target or the potential offeror.

If the entity declares its intention of making a takeover bid, it must indicate the characteristics of the bid in a press release within the time set by the AMF. Failing this, the entity is deemed to have no intention of making a takeover bid. The publication of the press release indicating the characteristics of the bid, either to satisfy this requirement or by any person preparing a transaction likely to have a significant influence over the price of shares, marks the beginning of the pre-offer period.

Without prejudice to the existence of the anti-rumour mechanism mentioned above, when there is a precise rumour relative to a hostile takeover bid by one or more identified potential offerors and if the rumour has led to a significant disturbance in the potential target’s share price and/or the offeror’s share price, it is the prospective offeror’s responsibility to take, as soon as possible, all measures that it judges necessary to cut short this situation of uncertainty and to bring the price disturbance to an end.

If the rumour is without foundation, the prospective offeror should publish a release including a denial of the rumour as soon as possible.

However, if the rumour has a basis in truth and the prospective offeror is in fact planning to launch a takeover bid, the offeror should attempt to speed up the timetable for making the takeover bid in order to avoid prolonging the period of uncertainty beyond a reasonable time.

- **Launch of a takeover bid**
  When a takeover bid is made, market disclosure by the offeror is mandatory pursuant to applicable regulations. The content of this disclosure and the dissemination requirements are governed by regulations which were amended to comply with the Florange law of March 29, 2014. This disclosure shall be made by dissemination of a press release, an offer document and a disclosure document relating to the offeror’s characteristics.

  - **Press release**
    The press release contains the main features of the draft offer document and specifies the procedures for consulting the draft offer document (a sample press release is shown in Appendix 13 of the Guide to Filing Regulatory Information with the AMF and to its Dissemination).
    The offeror’s press release must be published no later than the filing of the draft offer document with the AMF, using procedures that will ensure its effective and complete dissemination. The press release disseminated by the offeror is also posted on the AMF’s website and that of the issuer.
- **Offer document**

The content of the offer document is set by regulation. Since the Florange law was enacted on March 29, 2014, the offer document must specify, in particular (i) the minimum number of shares and voting rights required for the offer to be acquired, on the date on which it is filed, (ii) the industrial and financial policy of the companies in question for the following 12 months, (iii) an official statement of the offeror’s specific commitments and intentions made as part of the works council information/consultation procedure, and (iv) whether the offeror intends to delist the target company’s shares or not.

The draft offer document must be filed with the AMF at the same time as the draft offer. As soon as the draft offer is filed, the draft offer document is made available free of charge to the public at the offeror’s registered office and the offices of the institutions sponsoring the offer.

When the draft offer document has been established jointly with the target company, it is also made available at the target company’s registered office and at the organisations acting as paying agent for the target company’s securities. The draft offer document is then published on the offeror’s and the AMF’s websites. When the draft offer document has been established jointly with the target company, it is also published on the target company’s website.

The definitive offer document, after approval by the AMF, is disseminated before the opening of the offer and no later than the second trading day after the offer is declared compliant. The offeror’s definitive offer document must either be published in a national financial newspaper or made available free of charge to the public at the offeror’s registered office and at the offices of the sponsoring institutions (a sample press release is shown in Appendix 14 of the Guide to Filing Regulatory Information with the AMF and to its Dissemination).

When the definitive offer document is not published in a national financial newspaper, the offeror must either publish a summary of the offer document in a national newspaper or issue a press release by methods that will ensure effective and complete dissemination, specifying the procedures for access to the definitive offer document. The definitive offer document is posted on the AMF’s website.

- **Disclosure document related to the offeror’s characteristics**

Information concerning in particular the legal, financial and accounting characteristics of the offeror is not included in the offer document but is published in a separate disclosure document that is not subject to the AMF’s approval.

The disclosure document concerning the offeror’s characteristics must be filed with the AMF and made available to the public under the same conditions as the offer document, no later than the day before the opening of the offer.

When the offeror publishes a registration document, the disclosure document will essentially consist of an update of the information in the registration document.
**Event taking place during the offer**

During the takeover offering, the offeror and the target company should ensure that their actions, decisions and statements do not compromise the company’s interest or investors’ right to equal treatment and information.

If the offeror becomes aware of an event taking place during the offer, the offeror will assess whether a press release is necessary or timely concerning the impact of the event on the offer and/or its share price.

If the offeror judges that market disclosure is necessary or timely, the press release disseminated by the offeror should be published as soon as the event occurs and should include a description of the event as well as an explanation of its impact on the development and/or the evaluation of the offer.

**Competing bid**

When a third party makes a competing offer, communication by the first offeror is optional and at the complete discretion of the offeror unless it decides to make an improved offer or withdraw its offer (see below, “Withdrawal of an offer” and “Improved offer”).

**Withdrawal of an offer**

The offeror may withdraw its offer:
- within five trading days of publication of the timetable of a competing bid or an improved competing bid; or,
- if the substance of the target, because of measures that it has taken, is modified during the offer or in the event that the offer is successful; or, if the offer becomes devoid of purpose (in this case, prior authorisation from the AMF is necessary).

The offeror must inform the AMF of its decision to withdraw the offer. The AMF will, if necessary, rule on whether the offeror may withdraw. The decision to withdraw the offer may, if necessary, be accompanied by the reasons for the withdrawal. The AMF makes public the offeror’s decision to withdraw its offer.

**Improved offer**

The offeror may improve upon the terms of its original offer. The draft of the improved offer must be filed with the AMF no later than five trading days before the initial offer closes.

In the event of an improved offer, market disclosure by the offeror is mandatory. The offeror must disseminate a supplement to the offer document approved by the AMF. The content of this document is set by regulation.

The supplement to the offer document specifies the terms of the improved offer with regard to conditions precedent to the offer as well as changes in various items included in the offeror’s offer document.

The draft supplement to the offer document with the AMF is filed concomitantly with the filing of the improved offer (and therefore no later than five trading days before the initial offer closes).
Events concerning the target

■ Rumours
Without prejudice to the existence of the anti-rumour mechanism mentioned above, when there is a precise rumour relating to the existence of discussions between an issuer and one or more potential offerors relative to a takeover bid, to the extent that the rumour has led to a significant disturbance in the potential target’s share price, it is the issuer’s responsibility to take as soon as possible, all measures that it judges necessary to cut short this situation of uncertainty and to bring the price disturbance to an end.

If the rumour is without foundation, the issuer concerned should publish as soon as possible a release including a denial of the rumour.

However, if the rumour has a basis in truth and the draft offer cannot be filed rapidly, the issuer should publish as soon as possible a press release stating that discussions exist and indicating, if necessary, the potential offeror’s or offerors’ identity or identities and the state of advancement of the discussions.

■ Factors that may have an impact in the event of a takeover bid
Issuers are required to indicate in their management report a list of certain items set by regulation (clauses of change of control, capital structure, etc.) when these may have an effect in the event of a takeover bid.

It is up to the issuer to examine on a case-by-case basis and under its own responsibility whether these factors may have an impact in the event of a takeover bid and whether they should therefore be mentioned in the management report.

The offer document published in response by the target should include an update of factors that may have an impact in the event of a takeover bid, which should be published in the management report.

In addition, issuers may include certain provisions in their articles of association for the neutralisation of restrictions under the articles of association or other agreements concerning the exercise of voting rights or the transfer of shares, as well as the suspension of extraordinary rights of appointment or removal from office of officers and directors in the event of a takeover bid. As soon as the articles of association have been modified, the issuer should inform the AMF of the introduction or deletion of the relevant clauses in order to update the AMF’s website.

■ Launching a friendly offer
Upon the launch of a friendly takeover bid, market disclosure by the target is mandatory pursuant to applicable regulations. Its content and procedures are set by regulation.

In the event of a friendly takeover bid, assuming that a fairness opinion by an independent appraiser is not required, only one offer document is established jointly by the target and the offeror. This joint offer document will thus contain the main items that
should be included in the offer document in response (see below, “Offer document in response”).

However, since the reform of the takeover regulation, when the board of directors or the supervisory board of the target company has designated an independent appraiser to issue a fairness opinion, the target company’s offer document in response may not be established jointly with the offeror’s offer document and must be filed separately.

- **Launching a hostile bid**
  In the event of a hostile takeover bid, it appears necessary for the target company to publish a press release in order to inform the market of the unsolicited nature of the offer. The press release should be disseminated rapidly upon the launch of the offer and, if possible, the day of the offer filing.
  In this press release, the target will indicate the unsolicited nature of the bid and may also, if it so desires, indicate the date of the meeting of the board of directors or the supervisory board called to decide on the response to the bid.

- **Target’s reasoned opinion**
  When an offer has been filed, the target company may disseminate a press release as soon as the offeror’s press release is disseminated and no later than the dissemination of the offer document in response.

  This press release includes the reasoned opinion of the board of directors or supervisory board concerning the interest and/or risks of the offer and its consequences for the target company, its shareholders and its employees. It also indicates the conditions under which this opinion was reached (absent members, existence of dissenting opinions, etc.). If necessary, the press release disseminated by the target company may mention the conclusions of the report of the independent appraiser designated by the target company’s board of directors or supervisory board, for the purposes of issuing a fairness opinion on the financial terms of the offer. Since the Florange law was enacted on March 29, 2014, this press release must also mention the works council’s opinion on the takeover bid, where applicable.
  This communication is optional for the target company and may be made at its complete discretion.

- **Offer document in response**
  Publication of an offer document in response is mandatory pursuant to the takeover regulations. The contents of the offer document and the procedures for its dissemination are set by regulation. The Florange law of March 29, 2014 introduced the requirement for the offer document in response to mention, where appropriate, (i) the opinion of the target company’s works council, (ii) the chartered accountant’s report for the company’s works council, and (iii) any measures the target company has implemented or decided to implement that may frustrate the offer. Should the target company implement or decide to implement measures that may frustrate the offer after the offer document in response has already been published, it must issue a press release to inform the market.
The draft offer document in response must in principle be filed with the AMF no later than five trading days after publication of the AMF’s statement certifying that the offer is compliant. As an exception, when an independent appraiser is designated pursuant to applicable regulations, the target company must file the draft offer document in response no later than 20 trading days after the offer is filed; the AMF will issue its statement of compliance for the offer no earlier than five trading days after the filing of the target company’s draft offer document in response.

Where there is a requirement to inform and consult the relevant companies' works councils in accordance with the Florange law of March 29, 2014, the draft offer document in response must be filed with the AMF at the latest of the following dates: (i) when an independent appraiser is designated, no later than 20 trading days after the offer is filed, and (ii) in all other cases, no later than 15 trading days after the offer is filed.

As soon as the draft offer document in response has been filed with the AMF, the draft offer document in response is made available free of charge to the public at the registered office of the target company and at the offices of the organisations acting as paying agent for the target company’s securities. The draft offer document in response is also published on the websites of the target company and the AMF. The definitive offer document in response is disseminated to the public after receiving the AMF’s approval.

The offeror’s definitive offer document in response must either be published in a national daily financial newspaper or made available free of charge to the public at the target company’s registered office and at the offices of the organisations acting as paying agent for the target company’s securities (a sample press release is shown in Appendix 14 of the Guide to Filing Regulatory Information with the AMF and to its Dissemination).

When the definitive offer document in response is not published in a national daily financial newspaper, the target company must either publish a summary of the offer document in a national daily financial newspaper or issue a press release by methods that will ensure effective and integral dissemination, specifying the procedures for access to the definitive offer document in response. The definitive offer document in response is posted on the AMF’s website.

- **Disclosure document relative to characteristics of the target**

Information concerning in particular the legal, financial and accounting characteristics of the target company is not included in the offer document in response but is published in a separate disclosure document that is not subject to the AMF’s approval. The disclosure document relative to characteristics of the target must be filed with the AMF and made available to the public under the same conditions as the offer document in response, no later than the day before the opening of the offer. When the target company publishes a registration document, this disclosure document will consist essentially of an update of the information included in the registration document.
**Event taking place during the offer**
If the target company becomes aware of an event taking place during the offer, it will assess whether a press release is necessary or timely concerning the impact of the event on the offer and/or on the target’s share price.

If the target company judges that market disclosure is necessary or timely, the press release issued by the target should be published as soon as the event occurs. It should include a description of the event as well as an explanation of its impact on the development and/or the evaluation of the offer.

**Organisation of alternative transactions (“white knight”)**
When the target company organises alternative transactions, it is necessary to issue a press release as soon as the terms of the alternative transaction have been determined between the target and the “white knight”.

The press release must be sent by the target to the AMF prior to dissemination. The press release disseminated by the target should include a description of the content of the agreement reached between the target company and the “white knight” as well as an explanation of the interest presented by the competing offer for the target and its shareholders in comparison with the initial offer.

**Competing bid**
In the event of the launch of a competing bid, publication of a press release by the target is mandatory pursuant to applicable regulations. The content and procedures for this press release are set by regulation.

When the competing bid is carried out as part of conciliation with the target, the target company may communicate jointly with the offeror of the competing bid.

The press release disseminated by the target specifies the reasoned opinion of the board of directors or the supervisory board concerning the competing offer. This opinion will concern the interest or the risks that the competing bid presents, as well as the consequences of the competing bid for the company, shareholders and employees. The target company’s press release should be published, using procedures to ensure its effective and complete dissemination, as soon as the target has made a decision and after first sending the press release to the AMF.

**Improved offer**
In the event of an improved offer, publication of a press release by the target is mandatory pursuant to applicable regulations. The content and procedures for this press release are set by regulation.

The press release disseminated by the target specifies the reasoned opinion of the board of directors or the supervisory board concerning the improved offer. This opinion will concern the interest or the risks that the improved offer presents, as well as the consequences of the improved offer for the company, shareholders and employees.
The target company’s press release should be published in accordance with procedures to ensure effective and complete dissemination as soon as the target has made a decision and after first sending the press release to the AMF.

9 FINANCIAL TRANSACTIONS

The reform of the public offering regime implemented by the order of January 22, 2009, abandoned the *appel public à l’épargne* (public offering) concept specific to France, in favour of “admission to a regulated market” and “offer of securities to the public”.

An offer of securities to the public consists of:

- a communication addressed to persons which presents sufficient information on the terms and conditions of the offer and on the securities concerned in order to enable an investor to decide to purchase or subscribe for these securities;
- the placement of securities by financial intermediaries.

A certain number of exemptions from these requirements are provided for in articles L. 411-2 et seq. of the French Monetary and Financial Code.

An offer of securities to the public generally requires the publication of a document (the prospectus) intended for the public that describes the content and the terms and conditions of the transaction concerned, as well as the organisation, the financial position and changes in the issuer’s business activity and any underwriters of the securities concerned by the transaction. This document is drafted in French or, in the cases set forth in the AMF’s General Regulations, in another language commonly used by the financial community. In principle, it includes a summary and, where applicable, must be accompanied by a translation into French of the summary.

It should be noted that simplified prospectuses are currently being reviewed at EU level. The proposed regulation intended to replace the Prospectus Directive aims to (i) create a universal registration document for issuers whose securities are admitted to trading on a regulated market that will grant them an approval deadline for their securities note and condensed summary, and (ii) create prospectuses drawn up on the basis of condensed versions for registration documents and securities notes, in the form of responses to a standardised questionnaire for equities and simple bonds issued by SMEs (for which the definition will be expanded).

Since Commission Delegated Regulation no. 2016/301 came into effect on November 30, 2015, prospectuses and attachments, or all other documents drafted as part of an exemption from issuing a prospectus, must now be filed in electronic format.
CAPITAL INCREASES AND OTHER ISSUES OF SECURITIES PROVIDING ACCESS TO CAPITAL

Capital increase by way of a public offering: the decision

Prior to carrying out a capital increase by way of a public offering, upon the adoption by the issuer’s relevant decision-making bodies of a decision to increase the share capital, the issuer may make an immediate market disclosure depending on the type, amount and/or strategic nature of the transaction.

In this situation, the press release disseminated by the issuer will generally indicate the planned amount of the capital increase, describe the main features of the securities and the transaction and specify the provisional timetable for the transaction.

Capital increase by way of a public offering: the transaction

When financial instruments are issued to the public, market disclosure is mandatory pursuant to applicable regulations. Its content and its procedures are fixed by regulation.

A prospectus subject to AMF approval must be established by the issuer. It cannot be distributed before obtaining approval and must be distributed no later than the opening of the subscription period.

The prospectus is posted on the AMF’s website and on the issuer’s website.

The issuer must also publish a summary of the prospectus in one or more national or other mass-circulation newspapers, or alternatively may publish a press release specifying the procedures by which the prospectus is made available (a sample press release is shown in Appendix 9 of the Guide to Filing Regulatory Information with the AMF and to its Dissemination).

In practice, in addition to the mandatory disclosures as required by regulation, the issuer also communicates regarding the issue by organising various communication-based events, such as analyst meetings and roadshows.

In addition, at the conclusion of the capital increase, the issuer generally publishes a press release presenting the definitive results of the capital increase, including in particular the number of shares issued and the amount raised.

Capital increase by way of a public offering: special case of cross-border transactions

In the event of a capital increase by way of a public offering carried out in several countries, the disclosure requirements with which the issuer must comply will depend on the applicable regulations in each country concerned.
However, at EU level, the Prospectus Directive has facilitated cross-border bond issue transactions to the public in several Member States of the European Union or in countries party to the agreement on the European Economic Area (EEA) by instituting a mechanism for mutual recognition of the approval granted by the competent regulatory authority for the prospectus established by the issuer.

Thus, the prospectus established by an issuer whose registered office is located in France in order to carry out a capital increase may, after receiving the AMF’s approval, be validly used for a public offering in other Member States of the European Union or the EEA, subject to the AMF’s prior delivery of a certificate of approval to the regulatory authorities of the States concerned. The certificate will attest that the prospectus has been established in compliance with the provisions of the Prospectus Directive.

**Capital increase reserved for a third party (Private Investment in Public Equity, or PIPE)**

In the event of a capital increase or issue of securities giving access to capital reserved for third parties, market disclosure by the issuer appears necessary.

A press release should be published as soon as the agreement with the third party is signed. The press release should indicate the planned amount of the issue and the issue premium and describe the main features of the transaction and of the securities to be issued. It should also state the beneficiary’s name and the dilution for existing shareholders that will result from the transaction and explain the reasons for the issue.

**Capital increase via a PACEO equity line program**

In the case of funding arrangements consisting of capital increases in several stages and deferred over time for the benefit of a financial intermediary who only subscribes for the shares issued with the aim of quickly selling them again on the market, the issuer must first inform the market of the fact that the resulting capital increase will ultimately be financed by the market. The issuer must also draw up a prospectus unless the total number of shares likely to be admitted, over a rolling twelve-month period, represents less than 10% of the number of shares of the same category already admitted for trading on the same regulated market.

The issuer must also inform the market by way of a press release of the conclusion of the agreement, setting out its main features and key objectives in view of the company’s financial situation and whether or not there have been any changes to any of the contracts’ key terms and conditions. Lastly, after each drawdown of capital, the AMF recommends publishing a press release indicating the amount drawn down, the issue price, the number of shares issued and the dilutive impact of the issue.

**Capital increase reserved for employees who are members of an employee savings plan (Plan d’Epargne Entreprise – PEE)**

In the event of a capital increase reserved for employees, market disclosure by the issuer appears necessary.
The press release should be published at the conclusion of the shareholders’ meeting that decides to carry out the capital increase reserved for employees.

The press release disseminated by the issuer should indicate the planned amount of the issue, the dilution for the issuer’s shareholders that will result from the transaction, the discount offered to employees and the percentage of the issuer’s capital held by employees.

**Issuance of shares or securities granting access to the share capital without publication of a prospectus**

Some issues of shares or securities granting access to the share capital can be carried out without publishing a prospectus. However, issuers must provide minimum information in the press releases announcing these transactions, such as the nature of the transaction, the type of offer, the legal framework, the amount and reasons for the issue (AMF Position no. 2013-03).

The proposed regulation intended to replace the Prospectus Directive54 plans to modify prospectus exemption thresholds. The exemption currently enjoyed by bonds with a nominal value of less than €100,000 will be abolished. Thenceforth exemptions from having to issue a prospectus will be given to issuers (i) in the European Union issuing a total amount of less than €500,000 (versus €100,000 at present), or (ii) on the domestic market of a Member State issuing a total amount of between €500,000 and €10,000,000 (this threshold is currently set at 5,000,000 and covers the entire European Union).

**FINANCING CONTRACTS, DEBT AND SECURITISATION**

**Conclusion of a new financing contract**

In principle, disclosures related to financing contracts are provided within the periodic information (financial statements and registration document).

As an exception, immediately upon the conclusion of a new financing contract, the issuer will immediately inform the market if the new financing is material with regard to the change in its debt (in particular with regard to the amount of this debt and its maturity), the change in the cost of debt for the issuer (in particular, the fixed or floating-rate nature of the debt and its amount), the issuer’s objective and the financial guarantees and sureties granted by the issuer in favour of lending banks.

In any event, immediate market disclosure appears necessary if the issuer’s indebtedness is a topic of concern for the market.

In the event of immediate market disclosure, the press release disseminated by the issuer will generally indicate, on a case by case basis, according to the importance of these items in view of the situation, the main features of the financing contract.
concluded by the issuer (amount of the loan, interest rate, term of the loan, specific acceleration clauses provided for in the financing contract) as well as financial guarantees and sureties granted by the issuer in favour of the lending banks. The press release may in some cases also state the lenders’ identities, the issuer’s objective and the use of the funds.

**Issuance of bonds to the public: the decision**

When the issuer’s governing bodies decide to issue bonds to the public, immediate market disclosure is optional and may be done at the issuer’s complete discretion. Such communication in advance of an issuance is rare in practice.

**Issuance of bonds to the public: the issuance**

At the time of the issuance of bonds to the public, market disclosure is mandatory pursuant to applicable regulations. The content and procedures for this disclosure are set by regulation.

A prospectus approved by the AMF is established by the issuer. The prospectus must not be disseminated prior to obtaining this approval. It shall be disseminated no later than the opening of the subscription period.

The prospectus is posted on the AMF’s and the issuer’s websites.

The issuer must also publish a summary of the prospectus in one or more national or other mass-circulation newspapers or alternatively may publish a press release specifying the procedures by which the prospectus is made available.

**Issuance of bonds: special case of cross-border transactions**

In the event of the issuance of bonds to the public in several countries, the disclosure requirements with which the issuer must comply will depend on applicable regulations in each country concerned.

However, at EU level, the Prospectus Directive has facilitated cross-border bond issue transactions to the public in several Member States of the European Union or in countries party to the agreement on the European Economic Area (EEA) by instituting a mechanism for mutual recognition of the approval granted by the competent regulatory authority for the prospectus established by the issuer.
Issuance of bonds without a public offering

In principle, disclosure relating to the issuer’s debt is provided within its periodic information (financial statements and registration document).

As an exception, when bonds are issued without a public offering, the issuer will immediately inform the market if the bond issue is material, particularly with regard to the change in the issuer’s debt (in particular as regards the amount and maturity of the debt), the change in the issuer’s cost of debt (in particular, the fixed or floating-rate nature of the cost of debt and its amount), the issuer’s objective, financial guarantees and sureties granted by the issuer in favour of the lending banks and specific features of the securities being issued.

In the event of immediate market disclosure, the press release should be disseminated by the issuer as soon as an agreement with the third party has been concluded. The press release will generally indicate the amount of the issue and the main features of the issue and the securities being issued (interest rate, specific acceleration clauses, etc.). (A sample press release is shown in Appendix 4 of the Guide to Filing Regulatory Information with the AMF and to its Dissemination).

Non-compliance by the issuer with bank loan covenants

In the event of non-compliance by the issuer with financial ratios and/or commitments stipulated in its financing contracts, immediate market disclosure appears necessary when the impossibility of meeting the commitments and/or financial ratios becomes certain.

However, the issuer may postpone informing the market, under its own responsibility, if there is a legitimate interest in doing so and an immediate announcement of its default could be prejudicial to it. However, in postponing such a disclosure the issuer must take into consideration whether the consequences of non-compliance with financial ratios and/or commitments stipulated in the issuer’s contracts are sufficiently significant that the absence of communication would mislead the market concerning the issuer’s financial position.

If the issuer judges it necessary to inform the market immediately, the press release disseminated by the issuer may indicate that the company intends to renegotiate its debt.

Issuer’s rating: upgrading or downgrading

In the event of a change in an issuer’s rating, the rating agency that made the change is responsible for publicising the new rating. It is not the issuer’s responsibility.

In practice, it is rare for an issuer to comment on a change in its rating by a rating agency.
In any case, if the issuer decides to inform the public, it should be careful to make a clear distinction between the explanations given by the issuer concerning the change in its rating and the reasons given by the rating agency to justify the change.

**Global debt renegotiation**

In principle, disclosure relating to the issuer’s debt is provided within the periodic information (financial statements and registration document).

As an exception, in the event of global renegotiation of the issuer’s debt, the issuer will immediately inform the market if the renegotiation is material, particularly as regards the change in the issuer’s indebtedness (in particular with respect to the amount of indebtedness and its maturity), the change in the cost of debt for the issuer (particularly with respect to the fixed or floating rate nature of the debt and its amount), the issuer’s objective and financial guarantees and security granted by the issuer in favour of the lending banks.

If the issuer considers market disclosure necessary or timely, the issuer’s press release should be disseminated either at the start of the renegotiation if renegotiation is necessary in order to avoid the issuer being in default or after the renegotiation if renegotiation was not necessary to avoid the issuer being in default. In the latter case, the issuer may postpone informing the market if immediate market disclosure could precipitate the issuer’s default or create an obstacle to the successful renegotiation of the debt, on the condition that the lack of communication would not mislead the market with regard to the issuer’s financial position.

If the issuer considers that immediate market disclosure is necessary or timely, the press release disseminated by the issuer should indicate the total amount of the issuer’s global debt (current and after the renegotiation) and the maturity of the issuer’s debt. The press release disseminated by the issuer may also describe the main financing lines resulting from the new debt structure and the associated costs as well as the new financial guarantees and sureties granted in the framework of the renegotiation. Lastly, the press release disseminated by the issuer may describe the impact of the renegotiation on its share capital.

**Securitisation involving a public offering**

When the issuer carries out a securitisation transaction and the securities issued by the debt securitisation fund (*Fonds commun de créance – FCC*) to which the issuer’s receivables had been assigned are offered to the public, market disclosure is mandatory pursuant to applicable regulations. Its content and its procedures are fixed by regulation. Dissemination of an offer document approved by the AMF constitutes a prerequisite for the issue to the public of the securities by the debt securitisation fund.
Securitisation without a public offering

In general, in the event that a securitisation transaction is carried out without a public offering, issuers inform the market only if the impact of the securitisation on the balance sheet structure is material. If this is the case, the press release will generally be published as soon as the definitive decision to proceed with the securitisation has been made and will describe the main features of the securitisation transaction (securitisation vehicle, nature and volume of receivables assigned, etc.) and of the financing obtained (amount, interest rate, specific acceleration clauses, etc.).

INITIAL PUBLIC OFFERINGS (IPOs)

Initial public offering of the issuer: prior to the offering

Prior to the initial public offering, market disclosure is optional and is entirely at the future issuer’s discretion. Communication of this type is rare in practice.

However, in the event that such communication does take place, the issuer must ensure that this communication remains institutional and that it avoids resembling a public offer prior to obtaining approval.

Furthermore, following the AMF’s work on introducing a new framework for initial public offerings, financial analysts from underwriting banks may now, by way of exception to the principle of equal access to information, access information from the issuer before the IPO operation is launched, provided that the information remains confidential (in compliance with the provisions relating to information barrier procedures stipulated in article 315-15 of the AMF’s General Regulations)\(^{55}\).

Initial public offering of the issuer: the steps in the offering

Disclosure by the issuer is mandatory pursuant to applicable regulations.

The content and procedures for this disclosure are set by financial market regulation.

The issuer’s communication includes dissemination of a registration document (*document de base*) and a securities note (*note d'opération*) – including a summary – whose content is set by AMF regulations.

The draft registration document, which must contain all the information required for establishing the prospectus except information pertaining to the financial instruments whose listing is requested, must be filed with the AMF at least 20 trading days before the planned date for obtaining approval for the offering. The AMF notifies the issuer of approval for registration. This registration approval is made public by the AMF.

\(^{55}\) Article 223-10-1 paragraph 2 of the AMF’s General Regulations and Position/Recommendation no. 2015-02 of January 21, 2015 on initial public offerings.
The registration document is disseminated as soon as notification of registration approval is received. The issuer may, however, postpone its publication if it is able to ensure the confidentiality of significant information that it contains in the meantime. In any case, the registration document is disseminated no later than five trading days before the planned date for obtaining approval.

The draft securities note and the summary must be filed no later than five trading days before the planned date for obtaining approval. The securities note may be disseminated as from the date of obtaining approval and must be disseminated at least six trading days before the closing of the transaction.

Any new fact that may affect investors’ assessment and that occurs after registration of the registration document must be included in the securities note.

During the black-out period (that is, in practice during a period of two to three weeks prior to obtaining approval), all communication to the market related to the offering is forbidden, approval of the prospectus (base prospectus and securities note) not yet having been given by the AMF, by definition.

The registration document and securities note are posted on the AMF’s and the issuer’s websites.

The issuer must also publish a summary in one or more national or mass-circulation newspapers, or alternatively publish a press release specifying the procedure by which the registration document and securities note will be made available.

In practice, in addition to the information required by regulation, the issuer will communicate regarding the transaction by organising analyst meetings and roadshows.

**Initial public offering of a subsidiary or a significant business of the issuer**

In the event of an initial public offering of a subsidiary or a significant business of the issuer, immediate market disclosure before the initial public offering may be necessary if a rumour exists that may lead to disturbance in the issuer’s share price (see above, “Rumours”).

In this case, the issuer may disclose, prior to the offering, a description of the transaction, an indication of the strategic interest of this initial public offering for the issuer, the stock exchange chosen for listing and the planned number of shares to be issued.

At the time of the initial public offering itself, at each of the steps of the offering, market disclosure is mandatory, pursuant to applicable regulations.

Its content and methods are set by regulation (see above).
In practice, in addition to the information required by regulation, communication concerning the transaction will take place through the organisation of analyst meetings and roadshows.
The financial communication policy of a listed company reflects the regulatory constraints described in the previous chapters, as well as the willingness of executives to regularly communicate with financial market players in a transparent, professional and responsive fashion. Executive management relies, above all, on its investor relations officers to achieve this. Investor relations officers are responsible for addressing the financial community (which primarily includes financial analysts, portfolio managers, institutional and individual investors and regulators) on behalf of the company, and establishing a targeted financial communication policy, in accordance with the principle of equal and consistent treatment of information. The aim of investor relations is to create a trustful relationship with the markets by being a reliable source and provide relevant information that assists both investors and management in their decision making.

Given the increasing constraints imposed by the regulatory authorities and the markets, investor relations plays a key role in implementing the company’s financial communication objectives by:

- ensuring, through its relations with third parties, that the market acknowledges the issuer’s long-term value, by explaining its strategy, business model and ecosystem;
• bringing added value to the company’s internal operations by analysing and processing information obtained on and by the market in a way that is useful to management;
• actively participating at all levels of the company by publicising and promoting the adoption of the business strategy internally.

This section of *Observatoire de la Communication Financière*’s Guide discusses the management of various aspects of financial communication practices. It starts with the scheduling of periodic information, based on the regulatory deadlines. Beyond the regulatory framework, each listed company implements a marketing strategy to target stakeholders that are most suited to management’s strategy, and uses all the necessary means to optimise the company’s value-creation. The final chapter covers the reporting of information to management, such as information concerning the external perception of the company and information related to the financial markets or competitors.
## Calendar and organisation

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial communication calendar</td>
<td>95</td>
</tr>
<tr>
<td>Coordination of content and messages</td>
<td>96</td>
</tr>
<tr>
<td>Internal approval process</td>
<td>97</td>
</tr>
<tr>
<td>Security of data and information to be published</td>
<td>98</td>
</tr>
<tr>
<td>Data confidentiality</td>
<td>98</td>
</tr>
</tbody>
</table>

## Financial marketing and targeting

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification of the shareholder base</td>
<td>101</td>
</tr>
<tr>
<td>Targets for investor relations</td>
<td>101</td>
</tr>
</tbody>
</table>

## Implementation of financial communication

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involvement of executive management</td>
<td>105</td>
</tr>
<tr>
<td>Relations with financial analysts and investors</td>
<td>106</td>
</tr>
<tr>
<td>Relations with individual shareholders</td>
<td>111</td>
</tr>
<tr>
<td>Annual shareholders’ meetings</td>
<td>113</td>
</tr>
<tr>
<td>Financial and digital communication</td>
<td>115</td>
</tr>
</tbody>
</table>

## Providing management with feedback on market perceptions

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dissemination of analysts’ research</td>
<td>119</td>
</tr>
<tr>
<td>Monitoring of market consensus</td>
<td>119</td>
</tr>
<tr>
<td>Feedback and perception surveys</td>
<td>120</td>
</tr>
<tr>
<td>Competitive market watch</td>
<td>120</td>
</tr>
<tr>
<td>Share performance</td>
<td>121</td>
</tr>
<tr>
<td>Informing the board of directors or supervisory board</td>
<td>121</td>
</tr>
</tbody>
</table>
FINANCIAL COMMUNICATION CALENDAR

The financial communication calendar is governed by regulatory disclosure deadlines (see Part II, Section 1), and the company’s information systems must be able to provide quantitative data that are accurate, true and fair within that time frame. In recent years, the reporting of annual and half-yearly results has been speeding up, resulting in a concentration of publications within increasingly tight periods, made more difficult by the fact that many companies still do not have a consolidation process allowing them to provide results rapidly.

However, as of January 1, 2015, the regulatory disclosure obligations for listed companies have been eased following the French legal transposition of the Transparency Directive, which was amended in 2013. The regulatory deadline for the disclosure of quarterly financial information no later than 45 days following the end of the first and third quarters has been dispensed with and the legal deadline for the disclosure of half-year results has been extended to three months after the end of the first half.

Beyond the legal requirements, the AMF has issued recommendations on the disclosure of quarterly financial information and the disclosure of annual sales figures (AMF Recommendation no. 2015-03 on interim and quarterly financial information).

Example of a financial communication calendar based on deadlines for a reporting year ending December 31

<table>
<thead>
<tr>
<th>Information</th>
<th>Deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 (optional) and full-year sales</td>
<td>End of February</td>
</tr>
<tr>
<td>Annual results</td>
<td>April 30</td>
</tr>
<tr>
<td>Q1 financial information (optional)</td>
<td>May 15</td>
</tr>
<tr>
<td>Annual shareholders’ meeting</td>
<td>June 30</td>
</tr>
<tr>
<td>Q2 and H1 sales (optional)</td>
<td>August 15</td>
</tr>
<tr>
<td>H1 results</td>
<td>September 30</td>
</tr>
<tr>
<td>Q3 financial information (optional)</td>
<td>November 15</td>
</tr>
</tbody>
</table>

This calendar may be adapted in accordance with other factors including the:
- scheduling needs of the company’s management, analysts and the publication dates of other issuers, in particular those in the same industry;
- constraints imposed by time of day or other scheduling constraints (market opening times, newspaper deadlines, bank holidays in a foreign country, etc.);
- simultaneity with other events organised by the company or in which it is participating (trade shows, conventions, etc.);
- “logistical” considerations, such as the availability of service providers or meeting rooms.
In the specific case of companies with listed subsidiaries, it is important to ensure that all financial communication calendars are synchronised. As each case may be unique (depending on the degree of control of the subsidiary, its market capitalisation, free float or relative contribution to consolidated earnings), it would be desirable for information to be disclosed simultaneously, or for the listed subsidiary to disclose its information after the parent company. If this is not possible, notably in the case of a non controlling interest, it is desirable for disclosures to be coordinated.

It may also be necessary to establish a specific communication calendar in addition to this periodic calendar, particularly for financial transactions. This specific calendar would be published in order to provide information on each stage of the transaction, including legal obligations, the approval of the board of directors and information obtained from employee representative bodies, etc.

It is recommended that the financial communication calendar be determined in advance and made available to the public on the company’s website, and in many cases issuers also mention the date of the next disclosure of periodic information in their related communications.

COORDINATION OF CONTENT AND MESSAGES

To comply with regulatory requirements related to financial information and to further enhance the company’s reputation, financial communication personnel must ensure that the messages they convey are consistent with all corporate communication (particularly concerning media relations and internal communication), and also with other internal representatives, including those responsible for corporate social responsibility, human resources or even product marketing. Social networks have increased the speed at which all information is disseminated, which can have a notable effect on a company’s reputation, reinforcing the need to coordinate communication channels. Lastly, it is preferable that the various financial communication tools are devised in close liaison with the legal affairs department and the corporate secretary’s office.

Investor relations officers must be informed of (or take part in, where possible) any event that affects the group and is likely to impact its share price. This includes events such as roadshows, press conferences, industry conferences and trade shows, as well as the risk of a crisis affecting the company, the company’s industry or a country in which it operates, etc.

In order to facilitate the sharing of information, investor relations officers must raise awareness among all stakeholders about their role and the relevant regulations, and this requires internal organisation through the application of established processes known to the functional and operational departments.
Media relations

Although media communication generally falls under the responsibility of the company’s communication department, occasionally journalists from the economic, financial or investment press take the initiative to contact the investor relations officer directly. This is especially true where financial transactions are involved. If the rules established by the company allow this type of relationship – some organisations’ financial communication departments do not have direct contact with the media – it is still important that the following rules of conduct are observed:
- the head of media relations must be informed, have given approval and, insofar as is possible, be present at the meeting;
- investor relations must play the role of instructor, and avoid using language that is overtly technical. They must also be capable of understanding the positioning of the newspaper or magazine concerned, be sensitive to journalists’ deadlines and be aware that responsiveness is a key factor in the media industry.

Internal communication

It is recommended that the internal communication department disseminate within the company the same messages that are released externally by the financial communication department, while adapting them to a wide audience (with the consent of the investor relations officer).

Employee representative bodies

Issuers with a company or group works council are legally required to provide these councils with quarterly and annual reports on the company’s operations and financial position. This information may go beyond regulatory information relating to the results. The council is notified of and consulted on all changes made to the company’s economic or legal organisation, notably prior to certain types of M&A activities, such as the acquisition or sale of a subsidiary or an asset. The members of the council will also be made aware of the importance of coordinating the different messages and of the risks attached to the disclosure of sensitive information that is not public.

INTERNAL APPROVAL PROCESS

The existence of an information approval committee – consisting generally of representatives from the company’s executive management, finance department, legal department, communication department (media relations) and investor relations – allows the validation of information to be published and ensures its overall consistency.
SECURITY OF DATA AND INFORMATION TO BE PUBLISHED

It is increasingly important for the company’s executive management to ensure that financial data are protected from the moment they are reported for consolidation purposes and until their publication, as part of the company’s responsibility to provide periodic and ongoing information. In view of this, it is essential to perform regular audits of the processes.

DATA CONFIDENTIALITY

Corporate disclosure policy

Ideally, the coordination and approval process of company’s information should be documented. Accordingly, investor relations officers draft a Corporate Disclosure Policy, which is submitted to the executive committee or the management committee for approval (see template in the appendix).

The purpose of this document is to establish guidelines for the company’s financial communication and to draw attention to the rules and disciplinary sanctions (which include criminal prosecution for cases of insider trading) relating to the dissemination of insider information and the associated risks, particularly concerning the company’s reputation.

This policy must include the:
- names and details of all company spokespersons;
- behaviour that operational managers and employees in general should adopt, both inside and outside the company, particularly in relation to the use of social networks;
- The public reference information is the company’s regulatory information (particularly the registration document) and the website notably in the "Finance" section;
- procedures for the publication of financial information (reporting periods, quiet periods, etc.);
- approval process with respect to decisions on whether to publish information and the content thereof, the verification of factual accuracy, and timing of disclosures.

Quiet period

The quiet period corresponds to the time that precedes the publication of the company’s annual and half-yearly earnings and, when applicable, quarterly information. During the quiet period, companies must refrain from contact with analysts and investors.

Executives should also refrain from granting interviews with the media. It is recommended that companies adopt this practice to their own specific circumstances and this period can last from two weeks to one month prior to the disclosure of their results or sales. Companies should fix and inform the markets of a cut-off period covering the process for centralising and compiling accounting information so as not to
excessively disrupt the necessary dialogue with the market. It is useful to mention these periods on the company’s website.

Similarly, it is recommended that a quiet period be respected (sometimes referred to as a “blackout” period; see Part II, Section 9) during the period preceding and following a financial transaction initiated by an issuer, and during which the members of the underwriting syndicate themselves commit to not release any analyst research to third parties.

These practices do not, however, exempt an issuer from its obligation to periodically provide the market with information concerning any important facts or events occurring during that period and likely to have a significant impact on the share price, as part of its responsibility to provide ongoing information (Part I, “Ongoing information”).

Closed periods

During the period preceding the periodic disclosures, the AMF recommends that all executives, as well as all other employees with regular or occasional access to insider information, refrain from buying or selling company shares. In its Recommendation no. 2010-07 of November 3, 2010, amended on July 8, 2013, the AMF defines closed periods as follows:

- minimum of 30 calendar days prior to the publication of the company’s annual, half-yearly, and, if applicable, full quarterly financial statements or the press releases relating to these financial statements;
- minimum of 15 calendar days prior to the publication of quarterly financial information when the company voluntarily decides to publish this information.

In practice, the calendar for closed periods is formalised in a written document (letter or email), which is distributed to permanent insiders and directors who sign and return it.

If the company has a stake in other listed companies, it is also recommended that all executives, as well as all other employees with regular or occasional access to insider information, refrain from buying or selling shares in these affiliates/subsidiaries.

An issuer may nevertheless authorise an executive to conduct transactions in the company’s shares during a closed period in the event of exceptional circumstances notified in a written request to the AMF. In its draft position/recommendation on ongoing financial information and the management of insider information, subject to public consultation up to the end of May 2016, the AMF recommends that issuers devise a written procedure for deploying this exceptional authorisation, setting out details of (i) the identity of the person to whom the authorisation request should be sent, (ii) the form of this request, and (iii) the form and deadline for replying for the person granting the authorisation.
Certain transactions conducted as part of – or related to – an employee ownership or savings scheme, the completion of formalities or the exercising of rights attached to shares, or transactions that do not involve any changes in ownership of the security in question, may be conducted during closed periods56.

2 FINANCIAL MARKETING AND TARGETING

The role of investor relations is not limited to the dissemination of quantitative data at regular intervals and in accordance with regulations. It is also responsible for identifying the company’s shareholder base as precisely as possible and then using its understanding of how the financial markets work and its knowledge of different players to suggest particular investors who are most suited to the management’s strategy. Should any changes be made to this strategy, investor targeting approach should be realigned accordingly.

This approach should form part of a pro-active marketing strategy that covers the needs of investors and generally aims to:

- diversify the profiles of the company’s investors, with respect to the amount of capital they manage, their investment strategy or their geographical origin;
- create a healthy balance between stable shareholders and those with a shorter-term investment strategy, which contributes to the liquidity of the company’s shares;
- support strategic developments (sale or acquisition of business activities, diversifications, growth of a business that could have an impact on the value of the company, etc.) by adjusting the profile of the target investor;
- anticipate changes to the shareholder base that could affect the company’s development. With this in mind, the implementation of an effective marketing strategy is intrinsically linked to the size of the company and its percentage of free float:
  - internally, these two elements often affect the resources (number of employees, budget, etc.) allocated to investor relations and the availability of management to meet with members of the financial community (frequency of meetings, seniority of stakeholders, etc.);
  - externally, as much as possible they influence on the coverage provided by analysts, i.e., the number of research and brokerage firms covering the stock, or even the quality of the coverage. Some mid-cap stocks are covered only by generalists, rather than by industry specialists. Moreover, the smaller a company is, the greater the investors’ desire to meet its executive management. Lastly, small companies are less likely to attract the interest of foreign investors, which often only follow the largest stocks included in leading indices, with the exception of companies that are market leaders or are present in niches that attract special interest, such as new technologies.

IDENTIFICATION OF THE SHAREHOLDER BASE

The ease with which shareholders are identified depends on whether the shares are primarily held in registered or bearer form. In the first case, the registration of the shares in the owner’s name provides detailed, up-to-date information. In the second case (which is more common), if more exhaustive and accurate identification of the company’s shareholders is not easily obtained, several sources of information remain available to the issuer:

- trading data: these data may be based on the analysis of the identifiable bearer securities request filed by the issuer with Euroclear, the central clearing agency. Another available source of information is service providers, who may allow a company to understand more about its shareholder base using public information and/or specific surveys conducted with institutional investors (shareholder identification);
- empirical data: companies must exploit every opportunity to improve their familiarity with their shareholders, including through feedback after roadshows, analysis of proxies collected at annual meetings, information received directly from investors at events such as one-on-one meetings, ...;
- regulatory and statutory data: the law provides companies with various possibilities for identifying their shareholders, such as through disclosures of upward or downward crossings of thresholds established by the company’s articles of association and of legal thresholds, registration of shares, etc.

Listed companies should use a combination of these various tools to obtain a more detailed understanding of the composition of and changes to their free float. However, the proliferation of trading platforms that are not legally obliged to provide the same information as regulated platforms, and the significant increase in high frequency trading, render shareholder identification difficult. The information obtained in this way is never totally exact, however it provides the most detailed picture possible of the shareholder base. The frequency of these analyses will depend on the situation of each issuer.

TARGETS FOR INVESTOR RELATIONS

Sell-side: analysts and sales force

Sell-side financial analysts are employed by brokerage firms, which are generally owned by banks that distribute their research to their institutional investor clients. The decision whether or not to follow a stock depends on several criteria, such as the number of analysts employed, the strategy of the research department – especially with regard to industry coverage – and, most frequently, the market capitalisation of the listed company.
These research reports present a valuation of the issuer concerned, resulting in earnings forecasts, share price targets and buy sell-hold recommendations. They are effectively a marketing tool that the brokerages’ sales forces can use to propose investment strategies to their institutional investor clients. Investment strategies are often simplified versions of the various proposals made by the analyst. It is useful for the issuer to maintain contact with these sales forces, whose power to shape the opinion of the end investor contributes to fair share value.

Investor relations officers are the analyst’s point of contact within the company. They must ensure that the financial analyst clearly understands and takes into account industry fundamentals, the competitive environment within which the company operates, and its strategy, outlook and the risks to which it is exposed. Investor relations points out any factual errors made by an analyst while respecting the independence of their opinion.

**Buy-side: analysts and fund managers**

Buy-side analysts are employed by institutional investors, and their recommendations are intended for the sole use of their company’s portfolio managers. Their analytical processes are not very different from those practised by the sell-side analysts, whose work they use to evaluate listed companies. Meetings with the issuers’ management are an important and often indispensable step in making the decision to invest. At some institutions, the financial analyst also acts as fund manager.

Investors may be classified into several categories of investment strategy, including growth, value, growth at reasonable price (GARP), momentum, index, hedge and socially responsible investment. It should be noted that this classification system applies to each fund managed by a financial institution.

The time that should be spent by management on meeting these buy-side analysts depends on the profile of these investors, including their size, interest in the company, investment period, etc. It is important to meet directly with the decision-making fund managers to discuss the company’s strategy.

**“Activist” funds**

Particular attention should be paid to these types of funds, whose approach focuses on putting pressure on the companies in which they are investing in order to encourage them to adopt a new strategy which they believe is more likely to create value. Investor relations must be able to detect any stock market movements that tend to indicate that an activist fund is in the process of acquiring stakes or any other indication of their activity on the markets, and alert the company’s management, who will decide whether or not to meet them with a view to listening to their suggestions and establishing a dialogue.
“Passive” funds

Passive funds, which are better known as index funds, attempt to replicate average market performance. They are less demanding in terms of arranging meetings with the company’s management as their allocation policy is not specifically focused on the company’s policy, but rather on a macroeconomic view with a top-down approach.

SRI analysts and rating agencies

In addition to purely financial performance, socially responsible investment (SRI) analysts also take ethical issues into consideration in their research and focus their analysis on issues such as corporate governance, human resources management, environmental protection and human rights. SRI funds use statutory labour, environmental and social disclosures pursuant to articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Therefore financial communication officers must work with the managers of the company’s human resources, corporate social responsibility (CSR) and environment functions to be able to provide the appropriate information for this audience, in the format and with the content they require. Special reporting systems for these data are developed internally alongside financial reporting systems, based on the issuers’ organisation.

The process of centralising data is generally carried out by the CSR department, although this role is occasionally assumed by the financial communication department.

The use of SRI data is also becoming increasingly widespread among traditional investors.

The growing interest in sustainable development has given rise to new players, including specialised rating agencies, and the creation of socially responsible investment indices (e.g., FTSE4Good, DJSI and Euronext Vigeo). The agencies’ clients are institutional investors, whose investment criteria are focused entirely or in part on this theme, and issuers seeking to add this extra dimension to their corporate communication.

Credit analysts and rating agencies

Credit analysts assess the financial health of a company from the standpoint of the debt instruments it has issued. In addition to the usual ratios regarding the company’s economic and financial performance (to which they may make certain adjustments), they attempt to analyse the solvency of the issuer in relation to its balance sheet and the generation of free cash flow, the structure of its debt (exposure to interest rate and currency risk, maturity schedule and cost of debt) and the covenants that may exist.
Investor relations officers frequently work with the corporate treasurer and ensure that the messages provided to credit analysts are consistent. Presentations and roadshows may be specially organised for these types of analysts, particularly in connection with financial transactions (bond issues, private placements, etc.).

Rating agencies are external bodies that assess the solvency and liquidity of an issuer. There are three main rating agencies in the world, which are paid by the listed companies that have requested a rating.

Ratings are periodically published by means of a press release at the rating agency’s initiative, when earnings are released or when any event occurs that could bring about a change in the issuer’s financial position. Ratings have an impact on an issuer’s cost of financing, which reflects the market’s assessment of the issuer’s risk.

In order for the agencies to establish their ratings, issuers provide these agencies with data, primarily prospective. As such, the agencies may be in possession of insider information.

Individual shareholders and representative associations

One aspect of a corporate shareholder strategy may involve winning and retaining a significant individual (retail) shareholder base, which is often considered to be more stable than its institutional shareholder counterpart. A company’s financial communication will therefore reflect this strategic approach.

With the same obligations and objectives as for relations with institutional investors, financial communication targeting individual shareholders must take into account their specific needs, such as separate information distribution channels, a greater need for information regarding the company’s business and strategic approach, and personalised dissemination tools.

The AMF recommends that specialized documents or headings on the issuer’s website (i) contain a clear link to the presentation of the related risk factors, (ii) explain the company’s strategy in a balanced, educational manner, particularly with regard to future challenges and how the company’s strategy will respond to these, and (iii) systematically refer back to their registration document (or annual financial report), with clear details of where it may be consulted and highlighting the risk factors contained therein.

Depending on the nature of an issuer’s business, it may be wise to combine its financial communication with its institutional communication, for example, in the case of consumer goods and services. Additionally, any company that wishes to build and retain a significant individual shareholder base must also incorporate this strategy into its financial policy (for example, by offering interim dividends and splitting the shares to make them more accessible, etc.).
Some associations represent the interests of individual shareholders or investment clubs. Certain associations aim to defend the rights of non-controlling interests, particularly in the case of financial transactions. Issuers may find it useful to engage in dialogue with these associations and meet with them when preparing their annual meetings, in order to better identify their expectations.

**Employee shareholders**

As is the case with communications for individual shareholders, communications aimed at informing employee shareholders must have an educational character. They are subject to the same legal obligations as those presented in Part I, especially those concerning equal treatment.

Several supporting tools may be used to communicate with employee shareholders, including in particular a dedicated employee shareholder intranet site, a specific letter or a “Shareholder” section in any in-house publications.

The content may consist of strategy-related performance indicators, specific information concerning the employee shareholder base (percentage held, geographical breakdown, etc.), information about the share itself (earnings releases, events, comments on share price trends, dividends, etc.) and the various means by which it is held (through the employee stock-ownership programme, on a pure registered basis, etc.).

The law sets out the methods to be used for calculating the proportion of capital held by employees58.

### 3 IMPLEMENTATION OF FINANCIAL COMMUNICATION

**IN Volvement of Executive Management**

While regulatory, periodic and ongoing financial information constitute the starting point from which investors forge their opinion of an issuer, investment decisions also take into account other sometimes considerable factors. As the first criterion for investors is confidence in the company’s management, executives are therefore increasingly involved in the company’s financial communication and in meeting investors. This can be particularly challenging for small- and medium-sized companies.

It is the responsibility of investor relations to manage requests for meetings and assess their relevance in light of the executives’ many other commitments. Several criteria must be taken into consideration such as the interest that the investor...
represents for the company, the size and the investment strategy of the institution to which the investor is affiliated, and the historical relationship.

For executives, the aim of these meetings is to:
- present the results of their strategy, ensure that it has been fully understood and identify the highlights of their company’s earnings;
- share their view of the macroeconomic and competitive environment with the investors;
- discuss more general current issues and respond to any questions emanating from the financial market community.

It is therefore vital that executives are well prepared, have liaised with Investor Relations to identify the key messages that they wish to convey to the financial community and to journalists, and that they prepare answers to questions relating to all subject matters, including the most sensitive issues, while scrupulously respecting the principle of equal treatment of information, in accordance with regulations. Explanations and answers must take into account all information that has been previously provided and anticipate, insofar as is possible, their future consequences.

To ensure consistency and credibility, it is important that investor relations officers be present at meetings between executives and members of the financial community since they have an understanding of all the parties as well as how the financial markets work. This ensures that the relationship is managed more effectively over the long term.

**Corporate Access**

For the majority of investors, meeting the company’s executives is an essential step in the decision-making process. It is increasingly common for brokers to offer to organise corporate access with executives in order to better position themselves in the eyes of the investors. Such meetings may give rise to an increase in stock market orders.

**RELATIONS WITH FINANCIAL ANALYSTS AND INVESTORS**

Although analysts and investors (with whom investor relations officers mainly communicate) have different areas of interest, a very similar approach and behaviour should be adopted in relation to them. In general, during meetings, investor relations officers will comment on previously published information and will be careful not to disclose any new developments that could have an impact on the share price and which are not yet public.

If any information is inadvertently disclosed by executives or the investment relations department reveals information that may be considered insider information, a press release should be promptly published to publicly disclose that information. It is generally recommended that the various members of management involved in financial communication events be regularly reminded of the rules relating to disclosures.
**Telephone meetings**

Analysts frequently contact the company in order to update their valuation models, confirm an assumption or react to some current event, in particular by comparing companies operating in the same industries. Investors take the same approach, often to make sure that they have a clear understanding of the issuer.

Telephone interviews are usually recorded in order to guard against the dissemination of insider information.

**Information meetings**

An information meeting (see Part II, Section 1) with financial analysts, investors and, if applicable, journalists, is usually organised for the publication of annual and half-yearly results. These meetings represent one of the most important opportunities for the company’s management to communicate and hold discussions with the financial markets. Typically, they take the form of physical meetings, although new communication channels make it possible to hold conference calls, particularly for the half-yearly results.

During the preceding quiet period (see Part III, Section 1), the investor relations officer and management work together to prepare the meeting (see Part III, Section 3): all messages are approved (see Part III, Section 1) and all materials are put together in both French and English (press release, presentation, Q&A, consolidated financial statements, etc.).

The results press release is distributed before the meeting starts, either before the opening of the stock market or after the close of trading. A conference call may be organised with the main press agencies and it is recommended that the meeting be broadcast live over the internet (with simultaneous translation) to ensure that information is disseminated as widely as possible.

Analyst and investor presentations or slide shows should be systematically and immediately posted on the issuer’s website, at the very latest at the outset of the relevant meetings.

It is also recommended to distribute all slide shows to those attending the meetings in order to avoid any discrepancies that could arise with copies downloaded from the internet.59

The preparation of this meeting will entail a large number of logistical considerations requiring the issuer and its service providers to work in close coordination: the reservation of the meeting room, any audio and video aids that may be needed, security, copies of all presentation materials, webcasts and even buffets and receptions must all be attended to.

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59 - AMF Recommendation no. 2014-15 of December 9, 2014 on the communication of listed companies through their website and social media.
The French Society of Financial Analysts (Société Française des Analystes Financiers – SFAF) may help organise the meeting, in particular by sending invitations to its members.

There is also the question of whether or not journalists should be invited to financial analyst meetings. This decision is left to the issuer, given that journalists and analysts do not necessarily share the same concerns. Irrespective of the way in which events are organised (a conference call with the press agencies, analyst and journalist meetings, either together or separate), the messages must remain consistent.

**One-on-one meetings**

Individual meetings are held between the company’s executives, the investor relations officers and analysts and investors. They are held at the headquarters of the company or at the investors’ premises within the framework of roadshows (see below). Less time is generally spent on the formal presentation of the company so as to leave plenty of time for questions and answers.

For investors, one-on-ones provide a valuable opportunity to go beyond the simple data and to assess the vision that executives have for their company and their analysis of the competitive environment, market trends and even geopolitical conditions. They may also include human resources issues, especially the company’s compensation and corporate governance policies, and any other subject that is not specifically financial in nature.

Naturally, the position held by the executive being questioned will influence the topics addressed.

**Roadshows**

Roadshows consist of direct meetings between a company’s executives and investors and are organised over a given period (from one day to one week) in one or more financial markets in order to maintain a dialogue with the company’s existing shareholders and to raise awareness among potential investors.

The programme generally consists of a series of one-on-one and group meetings with investors.

The company’s executive management, in particular the chief financial officer, chairman and chief executive officer or chief executive officer, is generally actively involved in these meetings.

- **Types of roadshows**
  Roadshows may be organised around earnings disclosure or at another point in time in order to maintain close contact with the financial markets throughout the year. Roadshows are occasionally held to make a strategic announcement, or to announce a financial transaction to the market (especially acquisitions). Roadshows are also used to reach out to SRI and bond investors.
When appropriate, investor relations officers may also be assisted by the head of sustainable development or the corporate treasurer. Reverse roadshows: brokers also organise visits to company headquarters with their buy-side analysts and fund managers to meet with management. The criteria mentioned below, which are used to determine whether or not to participate in a conference organised by a broker, are also used to decide whether management should meet with a group of managers visiting the company. As previously mentioned, facilitating investors’ access to management teams is fundamental in establishing a strong relationship and this occupies a significant portion of the time dedicated to investor relations.

- **Choice of destinations**
The choice of destination and frequency of visits depend primarily on the value of assets managed by the local financial community, the marketing strategy and structure of the issuer’s shareholder base.

Issuers have every interest in organising roadshows in financial marketplaces other than their primary markets in order to expand their shareholder base. Generally, investor relations are responsible for building relationships with these potential investors.

- **Investor targeting, organisation and the use of brokers**
The company may also decide to organise the roadshows itself, either directly – if it has the necessary means and resources in house – or by using the services of a specialised, independent third party. Most often, however, issuers use brokers to organise roadshows.

In order to maximise the benefits of the event, investor relations officers prepare a list of the investors to speak with, based on their own marketing policy and the broker’s recommendations.

Brokers are selected on the basis of a number of criteria: quality of research (depending on the degree of the analyst’s involvement); number of investors the company has met through the broker; salesperson’s knowledge of the financial marketplace; effectiveness of its organisation before and during the roadshow; and quality and promptness of feedback. The size of its sales force and corporate access it provides may also be important criteria.

In practice, different brokers are used for different types of roadshows, in particular to widen the scope of target investors.

Feedback is particularly useful for ensuring that the issuer’s strategy has been properly understood, and to address any concerns and criticism investors may have. These remarks allow the company’s executives to establish areas that need to be improved in future presentations. Anglo-Saxon brokers are increasingly using feedback techniques that do not specifically name those institutions that responded.
Certain companies refuse to work with brokers whose analyst has a sell recommendation on the stock. However, this may provide an opportunity for the issuer to defend its position against the analyst's negative opinion.

Some investors may not wish to have the broker’s representative (analyst or salesperson) participate in the meeting with the issuer. This practice is known as a “no broker policy.”

In the specific case of a transaction in progress that concerns the company’s securities (a “deal roadshow”) or any other financial or strategic transaction, a roadshow is organised by the broker(s) of the lead bank(s) to present the transaction. This rule is especially true when it concerns a primary market issue.

**Conferences**

Some brokers organise conferences, to which they invite their institutional clients to meet with listed companies as part of industry, topical or geographical presentations. These presentations are generally followed by one-on-one or small group meetings between management and buy-side analysts and fund managers. This allows the issuer to organise a large number of meetings in a short period of time, with a wide range of institutions, contributing significantly to the company’s visibility.

Many of the company’s executives take part in these conferences and the investor relations officer’s decision to recommend that they participate is based on criteria such as the:

- audience and its composition (buy-side analysts, local or international fund managers, etc.); the objectives in terms of diversification of the shareholder base and reputation with the financial community; the participation of active or potential investors that the company has few opportunities to meet with otherwise, etc.;
- list of other industry players that are participating, and their level of seniority (chairman, CFO, investor relations officer or other);
- profile of the conference within the specific industry (reputation of the broker organising it and quality of financial analysis);
- whether or not the timing of the conference is compatible with the company’s communication calendar.

We should note that conferences do not usually generate any formal investor feedback.

**Investor Day or Capital Markets Day**

Whether it is called Investor Day, Analyst Day or even Capital Markets Day, the organisation of any such event can only be justified if the issuer has a strategic message to convey, or feels the need to improve the public’s general understanding of a business, a product or a geographical region from a medium- to long-term perspective. Such events are primarily for sell-side and buy-side analysts, institutional
investors, bond investors and rating agencies, although the financial press may also be invited. The event may also be combined with an on-site visit.

Given the strategic nature of the information disclosed, a press release should be published at the beginning of the day summarising the key points to be discussed, and the presentations delivered at the event should be made available on the company’s website. The event may be broadcast online via streaming or viewed via playback, and can also be attended via conference call.

**Field trips**

On-site visits and technical meetings give financial analysts and investors a chance to improve their understanding of the company from an operational standpoint, beyond those events organised to present periodic financial information. It is important to choose the proper site for a visit: it must illustrate the company’s strategy and competitive positioning while providing an opportunity to meet with operational managers.

This type of event must be prepared just as rigorously as any other financial communication event, including by ensuring that operational managers, who are generally unaccustomed to discussions with analysts and investors, are well prepared in order to avoid the disclosure of any non-public information.

**RELATIONS WITH INDIVIDUAL SHAREHOLDERS**

Relations with individual shareholders require appropriate communication tools, which are generally characterised by a less technical presentation of the company’s businesses and strategy. Although investing in equities has become increasingly widespread, and the internet tends to align the needs of analysts and individual shareholders, certain financial communication tools are particularly well-suited to individual investors, including a specific section of the company’s website, the publication of a shareholders’ letter, an online magazine, a shareholders’ guide, adverts in the financial press, periodic meetings, site visits, and custodial services provided by the shareholder services department, etc.

In all cases, individual shareholders expect a personalised, quality relationship.

Moreover, in November 2015, the AMF drew up recommendations to protect individual shareholders, reiterating that companies:

- wishing to present their competitive advantages as financial investments, must provide – in the same document – a clear link to the related risk factors in order to ensure a balanced presentation of information;
- launching campaigns to promote their shares outside of financial reporting periods, must systematically refer back to their registration document (or annual financial report), with clear details of where this may be consulted, and highlighting the risk factors contained therein;
offering to hold securities in registered form must disclose their various custody arrangements, fees for holding securities on a pure registered basis (custody fees, management fees, brokerage fees), in the same document or in the same heading on their website.

**Telephone and email contacts**

Individual shareholders may be provided with dedicated, sometimes toll-free, telephone numbers.

Generally managed by the financial communication department or outsourced to third parties, this type of contact requires a certain familiarity with the company and the expectations of individual shareholders. The peak calling periods generally come around the annual shareholders’ meetings and when dividends are paid.

Email communication has evolved significantly during recent years, either directly or through subscriptions to numerous publications offered by the company, and social networks are also increasingly used by individual shareholders.

**Periodic meetings**

In order to foster loyalty among shareholders and to enlarge their shareholder base, the largest listed companies – often in partnership with specialised institutions or the investment press – organise meetings for individual shareholders in Paris and in other towns in France. These meetings give companies an opportunity to present their activities and answer questions.

They are generally held by issuers with a high percentage of individual shareholders, or those wishing to increase that percentage. The speaker may be a member of the company’s executive management or the investor relations team.

**Clubs and advisory committees**

Some issuers maintain relationships with individual shareholders by creating shareholders’ clubs, with a minimum number of shares required for membership. By getting to know the members of the club, the company can develop a closer relationship with these shareholders and improve retention.

If the issuer wishes to develop a particularly close relationship with individual shareholders, it may consider organising an advisory committee or discussion panel comprising several individual shareholders who are representative of the shareholder base. The committee or panel will meet several times a year and will be consulted on ways of conveying the strategy and the communication tools available to them, and will be able to offer critical input. Members of advisory committees or discussion panels may have the opportunity to meet the company’s management during...
the course of these meetings. In addition, they may help prepare certain communications, such as shareholders’ letters and financial notices, or help to run stands at investment trade shows. As well as contributing suggestions to improve the company’s financial communication, they often act as opinion leaders who advise other individual shareholders.

Custodial services

The custodial services that an issuer may offer its registered – essentially individual – shareholders consist of registering (or outsourcing to a depositary bank) the shares held by the shareholder in the books of the issuer.

Registration provides a certain number of advantages:
- allows issuers to identify their most loyal shareholders;
- allows individual shareholders to have their custodian fees paid for them, receive all information prepared by the company, and, if the shares are held for more than two years, possibly even qualify them for double voting rights or a higher dividend.

If these shares are registered on a pure registered basis, they must be reregistered as bearer shares before being sold.

ANNUAL SHAREHOLDERS’ MEETINGS

The purpose of the annual shareholders’ meeting has changed over time: from a purely legal exercise, it has evolved into an opportunity to meet with the company’s management, a place where institutional and individual shareholders can express their opinions and a crossroads for financial and corporate communications.

In order to encourage the participation of shareholders, in July 2012 the AMF published Recommendation no. 2012-05 which aims to apply a number of the 32 proposals outlined in the report of the Working Group on General Meetings of Shareholders published on February 7, 2012. On February 11, 2015, the AMF published a follow-up report on the implementation of these proposals, some of which were taken up by industry groups or bodies as well as the legislator, and updated recommendation no. 2012-05.

In order to facilitate the participation of non-resident shareholders, it is recommended that issuers provide an English version of all of the documents pertaining to the annual shareholders’ meeting.
Preparation of shareholders’ meetings

Shareholders’ meetings are prepared well in advance. Investor relations officers work closely with the legal department to update its knowledge of recent changes in shareholder/proxy advisor voting policy, including those recently recommended by corporate governance opinion leaders or issued by institutional investors themselves. This may help establish whether or not certain resolutions should be put to the meeting.

In certain cases, investor relations officers organise meetings or conference calls with the managers responsible for deciding how their institutions should vote on the resolutions presented by the companies in which they are shareholders. The same approach may be taken with opinion leaders, i.e., proxy advisors, whose role is to advise investors on how to vote on resolutions. These advisors disclose their general voting policy each year.\(^\text{61}\)

These meetings allow issuers to present the reasons underpinning the resolutions they are submitting to their shareholders, so that the latter may make a fully-informed decision on how to vote. This is in line with the AMF recommendations on establishing an ongoing dialogue before the preparation of the draft resolutions and after the meeting.

Proxy solicitors are occasionally used to help organise shareholders’ meetings. These firms contact the shareholders of the company, to make sure that they will vote and to guarantee that a quorum will be met.

Following the publication of the notice of meeting in the BALO (35 days prior to the meeting at the latest), a notice is sent (at least 15 days before the meeting) to shareholders holding registered shares and is posted on the company’s website for all shareholders to see. The notice of the meeting must include information on how to attend the shareholders’ meeting, a summary statement of the company’s situation and its annual financial statements, and the draft resolutions. In order to ensure a clear presentation, it is recommended that summaries of the resolutions be drafted, stating the reasons and what is at stake, which the AMF advises posting on the website at the same time as the notice of meeting.

Companies which intend to use electronic means of communication instead of sending the notice by post may do so, subject to the approval of holders of registered shares.

Several days before the shareholders’ meeting, the projected results of the vote are updated based on the forms returned by the shareholders to the centralising bank.

- Online voting
  At the initiative of the French Association of Securities Professionals (Association Française des Professionnels des Titres – AFTI) and with the help of banks, an electronic voting platform (Votaccess), shared by all account holders and issuers on
the Paris Stock Exchange, was set up after the shareholder meeting season in 2012. This platform connects shareholders and issuers via their centralising bodies, making it possible to collect their votes and proxies in the fifteen days prior to the shareholders’ meeting and up until the day before the meeting. Open to all financial intermediaries who agree to the terms and conditions, institutional investors have also been able to access this platform since 2014.

**Holding of shareholders’ meetings**

The holding of the shareholders’ meeting requires the coordinated efforts of the legal, finance communication and corporate affairs departments. It generally includes a management report in the form of presentation of the results of the period and the company’s strategy. The chairman of the board of directors may also report on the duties performed by the board and its specialised committees.

This presentation is followed by a question and answer session between management and the individual and institutional shareholders, analysts and journalists.

Resolutions are usually voted upon electronically. Shareholders’ meetings may also be broadcast online via streaming or viewed via playback, with interpretation provided in English. If shareholders’ meetings are not broadcast in their entirety, best practice dictates that the company should indicate which parts have not been broadcast.

**Communication following shareholders’ meetings**

The AMF recommends that a summary report of the shareholders’ meeting, including the results of the vote on the resolutions online and confirmation of the date on which the dividend is to be paid, be made available on the company’s website no later than two months after the meeting. The AMF also recommends publishing the updated articles of association online as well as including the date of the shareholders’ meeting for the following year or two in the financial communications calendar. Lastly, the minutes of the shareholders’ meeting should be drawn up as soon as possible following the publication of the report of the shareholders’ meeting online and no later than four months after the meeting. These recommendations do not apply to small- and mid-cap companies, but may be used as a guideline.

**FINANCIAL AND DIGITAL COMMUNICATION**

**Websites**

Corporate websites provide companies with a crucial communication tool to present their products, businesses and strategy, and actively contributes to the marketing of the share by enhancing the visibility of listed companies with an increasingly large and international audience. In addition it saves both time and money in the
dissemination of financial information. The internet is increasingly replacing all other forms of dissemination of information, particularly paper documents.

Since the creation of a dedicated website (www.info-financiere.fr) by the DILA in January 2009, issuers are no longer obliged to archive their regulatory information on their website for a period of five years. However, in practice websites have remained a platform for regulatory information.

Most companies have a specific financial communication section on their website, which is generally called “Finance,” “Investor relations” or “Shareholders.” This section is subject to precise regulations regarding its content and real-time updating with the company’s other forms of communication. This section is subject to precise regulations regarding its content and real-time updating with the company’s other forms of communication. On December 9, 2014, the AMF published a recommendation which stipulates that information published on corporate websites must provide complete information, a balanced presentation, be easy to access and archived for a reasonable period. The recommendation also stipulates that information disclosed on issuers’ websites must also comply with its requirement to provide accurate, true and fair information.

In order to assist companies with the management of their websites, the AMF has also set out a number of best practices that it recommends they apply:

- **access to published information:** the AMF recommends companies to limit the number of clicks to access information (use of drop-down lists/menus, precise links to the page containing the information, etc.) and to ease access to information viewed most by investors (creation of a glossary containing frequently used key words, providing direct access to “investor” or “shareholders” section, as well as their subsections, etc.);

- **updating information on the website and its procedures:** the AMF recommends that companies date, or even timestamp (e.g., in GMT), highly sensitive information so that those reading their website can establish precedence and the level of relevance. In particular, the AMF recommends that companies follow this practice when disclosing ratings attributed by rating agencies, credit rating analyses or the relevant consensus on their websites. The AMF also recommends that companies implement procedures to comply with the requirement for the simultaneous distribution of press releases to the media and their publication online;

- **archiving of published information:** it is recommended that companies keep sensitive information (regulatory information, information concerning shareholders’ meetings) archived for a sufficient length of time, adopt a reliable and consistent policy over time for each type of information in order to comply with the principle of fair information and send information no longer featured online to the centralised archive storage facility in France.

In addition, listed companies have implemented the following practices on their websites with a view to:

- **easing access to:** the latest version of the financial calendar and the most recent press release;
posting the value of the company’s share price, in near real-time, as well as historical market data (highs, lows, transaction volumes, historical performances, etc.);
- using easily comprehensible and user friendly headings and text;
- providing a glossary and a “FAQ” section, for the most Frequently Asked Questions;
- providing the option of contacting the financial communications department (email address, phone number);
- creating an efficient search engine and other technical features (RSS feed, links to social networks, etc.);
- making IT teams aware of the need to set up an IT architecture that simplifies website maintenance and updates of financial information.

Internet conference calls and videoconferences

When making an important announcement, in particular for earnings or for financial transactions, acquisitions and disposals, conference calls (or videoconferences) that are streamed over the internet allow information to be disseminated rapidly and simultaneously to a large number of people, without them having to travel, keeping time and transportation costs to a minimum and avoiding the problems associated with different time zones.

By circulating detailed information more quickly, and being available to answer the questions of both analysts and investors at the same time, these e-communications provide a valuable addition to – and sometimes even replace – the traditional physical meeting.

Any member of the public may participate in these conferences, which are announced via press releases; details are also posted in advance on the company’s website. They are archived and placed at the disposal of the public, in particular the international financial community working in different time zones, and may be consulted for some time after the event. They are generally held in English.

Videoconferences may also be used to allow management to hold one-on-one meetings with foreign investors, organise analysts’ meetings with a physical presence at one site and a “video presence” at another, etc. They are easy to organise, using either the company’s own equipment or materials rented from specialised service providers who also ensure that the meeting is satisfactory from a technical standpoint. They can never fully replace face-to-face meetings, however, particularly for a company’s first contact with a potential investor or new analyst.

Webcasts

Webcasts allow issuers to broadcast events over the internet in audio or video form, either via streaming or in playback form. Users can listen to or view these events on their computer screens via a multimedia player. This allows events to be broadcast to a wider audience without physical restrictions, and complies with the principle of equal access to information. The playback feature is also greatly appreciated by users. It is
used by issuers to broadcast events such as shareholders’ meetings, presentations of earnings and of one-off transactions such as acquisitions, disposals, mergers, etc. Webcasts are generally broadcast in French with simultaneous interpretation provided in English, or are broadcast directly in English.

Webcasting is often provided by a specialised service provider. It is relatively costly to put in place and is organised on a case-by-case basis.

The company must choose between an audio webcast and a video webcast. The latter is more costly as it is technically more complicated and because the event itself must be filmed by a team of specialists. Conference brokers are increasingly providing issuers with the chance to webcast their events and assume responsibility for the organisation from a technical and budgetary stand-point.

**Social networks**

With the continued expansion of social networks (Facebook, Twitter, Linkedin, etc.), financial information and business information spread rapidly, irrespective of industry or geographic location. In this respect, the AMF published on December 9, 2014 a number of recommendations on the use of social networks:

- the disclosure of financial statements on social networks: the AMF recommends that companies indicate to users that their financial statements can be found on their website under a specific section visible from the homepage or on a “finance” page;
- authentication and access to information: the AMF recommends that companies authenticate social network accounts (e.g., certification of Twitter accounts), set out a charter on the terms of use of personal accounts on social media for executives and employees and inform executives that they remain liable as officers of the company even when using personal accounts on social media;
- monitoring procedures: companies should actively monitor social media in order to stay abreast of information concerning them on social media and to quickly react to hacking;
- message formats: the AMF recommends that disclosures should be contextualised so as to avoid claims that it is misleading and that links should systematically be provided to the related press releases or sources of information published in their entirety, allowing users to easily locate a comprehensive account of the information;
- possible and/or necessary actions, in accordance with regulations, for rumours or leaked information: if a rumour has only appeared on one social media site and the denial of the rumour is not considered insider information, a company may refute the rumour on the social media site on which it originated without issuing a full press release. In all other cases, the company’s response to the rumour should be in the form of a full press release. It should be noted that in April 2013 the SEC authorised the disclosure by American companies of regulatory information via social media such as Facebook and Twitter, provided that investors are informed of the social media strategy first.
In France, the AMF reiterated that issuers can only disclose insider information on social media if, and only if, the information has been previously disclosed in a full press release and if the information disclosed by the issuer, irrespective of the channel used, is accurate, true and fair in accordance with the requirements of the AMF’s General Regulations.

In the opinion of the AMF, social media is an additional channel for market information but cannot be the only or main channel of such information.

In addition to taking into account the AMF’s recommendations, issuers should also take care to ensure that employees are informed of the risks involved in disclosing information about their company via social networks.

4 PROVIDING MANAGEMENT WITH FEEDBACK ON MARKET PERCEPTION

“Market sentiment” includes investors’ and analysts’ perception of the strategy, activities, performance and outlook of the company and of the credibility of its management.

Investor relations officers play a key role in reporting market sentiment upwards to executives. The challenge lies in recognising when analysts’ and investors’ individual opinions become a general, shared impression – through conversations, roadshows, emails, the publication of sector notes, etc. – which it shares with the company’s executive management, or even the board of directors.

Investor relations officers must decide when and how to provide this information, which may depend on the topics and recipients concerned, and must not be afraid of reporting any negative feedback.

DISSEMINATION OF ANALYSTS’ RESEARCH

Investor relations officers provide the company’s executives and occasionally its board of directors with full copies of the most relevant research (and summaries of all other research).

MONITORING OF MARKET CONSENSUS

Market consensus is the average of the earnings estimates and share price objectives published by sell-side analysts. In order for market consensus to be representative, it must incorporate the estimates of all of the analysts that actively follow the shares. It corresponds to the arithmetic average of sell-side analysts’ estimates in relation to
key indicators (results, net income, earnings per share, etc.). The median of the same indicators may also be provided.

Market consensus should be monitored regularly throughout the year, updated prior to the release of any earnings or sales figures and provided to management. The purpose of this is to anticipate the market’s reactions prior to the release of any information, so that the issuer can make any appropriate adjustments to its public announcements. It may be necessary to issue a press release if a significant difference is observed between the consensus and the company’s internal data (see Part II, Section 2 “Profit warning”).

Market consensuses may be drawn up by investor relations officers based on different estimates of which they are aware, or by independent service providers specialised in the dissemination of financial information. Some issuers post the market consensus on their website. Internal consensuses, in which the source of the data used can clearly be identified, have more significance than those carried out externally which have the disadvantage of being inconsistent regarding the indicators used (results before/after non-recurring items, calculations based on a diluted/undiluted number of shares, etc.) and which often include data that may not have been updated.

FEEDBACK AND PERCEPTION SURVEYS

In addition to the investor relations officers’ role of keeping management informed of market reactions and expectations, it is also very useful, following roadshows, conferences and one-on-one meetings with investors and analysts, to obtain feedback or a snapshot of the participants’ opinion as quickly as possible in order to improve financial communication and develop the investor database for subsequent meetings. Participants interviewed are asked by the broker, or by the company itself, about the quality of the answers provided to their questions, their perception of the company’s management, its strategy, any subjects of concern, etc.

As part of its market activities, the company may also wish to conduct a perception survey of the financial community. This survey may concern the company’s financial communications or a specific problem such as the pertinence of its strategic orientations or choice of performance indicators.

COMPETITIVE MARKET WATCH

In addition to reporting market feedback to management, investor relations officers are increasingly monitoring market competition by following the financial communication of companies operating in the same sector, including stock market news, comparisons of share prices, transaction volumes, shareholder bases and tracking analysts and valuation criteria.
This survey may also include a sample of stocks that are comparable in terms of company size, industry or strategy (capital structure, change of management, crisis, etc.). The competitive market watch may cover trends in the market performances of these companies or the ways in which they communicate with the markets: strategic messages, choice of performance indicators, existence and horizon of earnings forecasts, frequency and content of current information regarding the company (newsflow), schedule of publications, choice of financial communication tools, availability of corporate management, etc.

SHARE PERFORMANCE

The financial communications department monitors certain daily metrics tracking the behaviour of its listed shares, including all changes in the share price (in absolute value and in comparison with one or several benchmark indices); transaction volumes in number, in value and as a percentage of capital exchanged; liquidity, and market capitalisation.

These metrics help companies to identify unusual movements in their shares and to try to find out the cause from either external correspondents, such as brokerage firms, or internal sources, such as the treasury department. Although this sort of information is increasingly difficult to identify with any certainty, it may nevertheless be vital that it be brought to the attention of the company’s executives.

INFORMING THE BOARD OF DIRECTORS OR SUPERVISORY BOARD

The board of directors or supervisory board must be provided with all the necessary information to fulfil one of its assignments which consists in ensuring, via the audit committee, the proper preparation and control of financial information (see the Best Practices Guide). The board of directors may be provided with various types of information on a regular or periodic basis, such as share price trends of the company and its main competitors, summary or exhaustive financial analyses, summaries of the main market issues and trends.

Prior to the release of any financial disclosures, especially those concerning earnings or financial transactions, draft press releases may be submitted to the board of directors. The head of investor relations may be required to present the company’s financial communication strategy to the board of directors or the supervisory board.

SAMPLE CORPORATE DISCLOSURE POLICY

As a listed company, the Group is bound to respect market regulations, most notably in the management of insider information, that is to say, any information which, if it were known, would have a material impact on the share price. That obligation makes it necessary to respect a Code of Conduct applicable to all professions, subsidiaries and countries in which the Group operates. This Code of Conduct is based on a certain number of principles:

1. The financial disclosure policy objective

The Group’s financial disclosure policy has the objective of ensuring the simultaneous, complete and effective dissemination of relevant information which is accurate, true and fair consistent with previous disclosures and disseminated on a timely basis.

2. Management of information disclosed

Outside of the planned financial communication calendar (annual and half-yearly results, quarterly sales or results), the Group is constantly in possession of information whose importance and materiality to the market may vary widely. It is strongly recommended to abstain from providing quantitative information not yet disclosed or to provide prospective information. If in doubt, it is preferable to review the sensitivity of the information with executive management or investor relations officers.

3. Designated persons

Only persons specifically designated by executive management are authorised to provide information to the market either directly or indirectly through the press and any other media. A list of authorised individuals is contained in the appendix.

4. Information validation process

Executive management carries the final responsibility for information disclosed to the market and should validate disclosures when sensitive and of a non-public nature. A validation process should therefore be put in place with the appropriate Disclosure Committee depending on the nature of the disclosure. This committee usually consists of the Chief Executive Officer, the Chief Financial Officer, and the corporate communications and investor relations officers.

5. Quiet period

The “quiet period” is the period immediately preceding the disclosure of results during which the Group shall, in general, abstain from any contact with the financial community. Its purpose is to avoid any accidental dissemination to the market of financial information related to results, information which is by nature sensitive. At the beginning of each year, a “quiet period” calendar will be distributed throughout the Group and should be respected by all functions in all countries.
All issuers of securities authorised to trade on a regulated market or on an organised multilateral trading facility (article 524-1 of the AMF’s General Regulations) may prepare a registration document each year\(^1\). The registration document is an overview that serves as a communication tool disclosing all information required by different stakeholders (financial analysts, investors, individual shareholders, etc.) to form an opinion on the business, financial position, results and outlook of the issuer. It contains all the legal, economic, financial and accounting information required for a comprehensive presentation of a company for a given year.

Although it is not mandatory, it has become a standard practice to file a registration document, as more than half the companies listed on Euronext Paris do so and such a document may now be prepared by companies listed on Alternext Paris.

This document offers several advantages:
First, the registration document facilitates financial transactions on the market. It may form part of the prospectus, in which case the issuer only has to prepare a securities note and, where appropriate, a summary note. It also speeds up the prospectus preparation process and the deadline for approval is shortened to five days.

Second, the registration document meets the financial community’s information quality requirements:
- financial analysts can use the information to make industry and multi-year comparisons;
- it is an appreciated source of information for institutional investors;
- individual shareholders and journalists have access to complete and up-to-date information on companies.

Nevertheless, compiling a registration document is a difficult and time-consuming task. In view of the numerous regulations to be considered and the quantity of information to be provided, it requires the involvement of several departments within the company and the implementation of a coordinated preparation, review and approval process.

PREVAILING REGULATIONS

The content of the registration document and the filing or registration requirements are defined by AMF Instruction no. 2005-11 of December 13, 2005, amended on June 24, 2011. This instruction is based on the following regulations:
- Commission Regulation (EC) 809/2004 of April 24, 2004 (“Prospectus Regulation”), and for some items the AMF and ESMA\(^2\) positions and recommendations,
- The AMF’s General Regulations, in particular article 212-13.

The AMF refers to these recommendations in article 212-7 of its General Regulations and in its Guide for Compiling Registration Documents.

The AMF has published two guides for compiling registration documents:

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1 - Article 212-13 of the AMF’s General Regulations.

2 - The CESR published a series of recommendations to promote the consistent implementation of the Prospectus Regulation in Europe. These recommendations were updated by the ESMA in March 2013 and are regularly supplemented by answers to frequently asked questions.

The provisions of Directive 2013/34/EC establishing the “comply or explain” principle transposed into article L. 225-37 of the French Commercial Code stipulates that “when a company refers voluntarily to a code of corporate governance drawn up by organisations representing companies, the report specified in this article shall also set out the provisions that have been ruled out and the reason for this decision”. This information must be sufficiently clear, true and complete. It must cover (i) recommendations effectively applied (including how they were applied as well as disclosure on their website) and (ii) recommendations that are not applied (including how, why and what measures have been taken to achieve the underlying objectives of the relevant recommendation.

The November 2015 version of the AFEP-MEDEF Code sets out all these recommendations as does the AMF which also recommends that issuers disclose this information in a specific section or table in the registration document or annual report.

CONTENT OF THE REGISTRATION DOCUMENT

The information to be included in the registration document varies according to the type of securities listed on the regulated market of Euronext Paris.

Issuers whose shares (or other securities redeemable, exchangeable, convertible or otherwise exercisable for shares) are listed must comply with the minimum disclosure requirements set out in Annex I of the Prospectus Regulation. The minimum disclosure requirements set out in this Annex, which is broken down into 25 items, are more extensive than those set out in the other Annexes to the Prospectus Regulation.

These other Annexes may be used by issuers with only the following listed securities:
- Debt and derivative securities with a denomination per unit of less than €100,000 (Annex IV),
- Asset-backed securities (Annex VII),
- Debt and derivative securities with a denomination per unit of at least €100,000 (Annex IX).

Proportionate disclosure guidelines for small-cap and small- and medium-sized companies (unless the company has submitted its first request for admission to trading on Euronext) is included in annexes XXV to XXVII of the Prospectus Regulation. The AMF’s General Regulations also require that the registration document include the chairman’s report on corporate governance, risk management and internal control procedures, and the statutory auditors’ report related thereto (article 222-9).

In the event of a change in the scope of consolidation that has an impact of more than 25% on the financial statements, the issuer must also present pro forma information
in the registration document (article 222-2 of the AMF’s General Regulations). This pro forma information must be included in the registration document if it is not included in the IFRS financial statements and in practice, when the change in the scope of consolidation occurs after the latest reporting date and before the filing of the registration document.

GUIDE FOR COMPILING REGISTRATION DOCUMENTS

The AMF published an update on April 13, 2015 to the Guide for Compiling Registration Documents (Position/Recommendation no. 2009-16), including its positions and recommendations on the following issues:

- Positions:
  - Parent-subsidiary relationships
  - Voting rights restrictions and multiple voting rights
- Recommendations:
  - Recommendation on off balance sheet commitments
  - Recommendation on risk factors
  - Recommendation on the description of main activities and markets
  - Recommendation on the description of ownership structure
  - Recommendation on the disclosure of compensation of corporate officers
  - Recommendation on the creation of shareholder value
  - Recommendation on insurance and risk hedging
  - Recommendation on pledges, guarantees and collateral
  - Recommendation on risks and disputes: provisioning method
  - Recommendation on related-party agreements.

This guide does not apply to mid-cap companies for which the AMF published, on December 2, 2014 and updated on April 13, 2015, a Guide for Compiling Registration Documents adapted to their specific needs (Position/Recommendation no. 2014-14 which replaces the guide initially published on January 9, 2008). The guide contains all the regulations applicable to compiling a registration document for mid-caps.

The AMF defines mid-cap companies as companies having a market capitalization of less than €1 billion (segments B and C of Euronext Paris). However, if a company exceeds this threshold or falls below it, the change in the rules applying to the company will only apply as from the financial year following that in which the threshold was crossed.

The Guide for Compiling Registration Documents adapted to mid-caps sets out five major principles (materiality, completeness, consistency, understandability and comparability) for the compilation of a document summarising financial information that gives meaning and relevance to disclosed information and meets the various needs of the stakeholders. The guide was prepared to take into account the specific needs of mid-caps by:

- overhauling the presentation of the registration document so as to provide a greater focus on the issuers’ activities;
limiting the number of recommendations;

- simplifying references to different sections in the registration document and to other legal documents.

It also features a model for the layout of a registration document featuring six chapters and a correspondence table in compliance with European prospectus requirements and French requirements concerning the management report.

### RELATIONSHIP WITH OTHER ANNUAL PUBLICATIONS

The registration document may take the form of a specific document or an annual report to shareholders, provided it contains all of the information required and that the promotional presentation of the issuer does not compromise the requisite objectivity of the information supervised by the AMF.5

The registration document does not have to be published within a specific period. However, if it is published within four months following the end of the financial year and includes all the information required for the annual financial report, the registration document may be used as the annual financial report. Issuers are then exempt from having to publish a separate annual financial report provided they meet the conditions relating to the publication and storage of regulatory information.

In addition to the mandatory content of the registration document set out above, issuers may add optional information at their discretion to derive maximum benefit from their annual publications.

The table below lists all the documents that may be included in the registration document, differentiating between mandatory and optional documents.

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<thead>
<tr>
<th>Mandatory documents</th>
<th>Optional documents</th>
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<tbody>
<tr>
<td>RD6</td>
<td>• issuer’s financial statements for the past year</td>
</tr>
<tr>
<td>Content described in the “content of the reference document” section above, such as the:</td>
<td>• Full management report – French Commercial Code</td>
</tr>
<tr>
<td>• Consolidated financial statements for the last three years (with the possibility of incorporating those for years Y-2 and Y-1 by reference7) and the related statutory auditors’ reports</td>
<td>• report on the environmental impacts of the issuer’s business</td>
</tr>
<tr>
<td>• Chairman’s report on corporate governance, risk management and internal control and the related statutory auditors’ report</td>
<td>• annual information document</td>
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<td></td>
<td>• disclosure of statutory auditors’ fees</td>
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<td></td>
<td>• description of the share buyback programme</td>
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<tr>
<td></td>
<td>• documents for the shareholders’ meeting</td>
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</tbody>
</table>

Depending on the documents which are included in the registration document, said document is referred to as a:

- "2–in-1" registration document when it is also used as the annual financial report (AFR), or
- "3–in-1" registration document when it includes the AFR and the full management report, or


6 - RD: “registration document.”

7 - The financial statements for previous years may be incorporated by reference, provided they have already been published in a document filed with the AMF.
“4-in-1” registration document or “annual report to shareholders” when it includes all the information required for the shareholders’ meeting.

The table below summarises these differences:

<table>
<thead>
<tr>
<th>Documents</th>
<th>Content</th>
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| **“2-in-1” RD** | 1. RD 2. AFR | RD content supplemented by the following:  
- Issuer’s financial statements for the past year  
- Items of the management report required in the annual financial report (when the company must comply with Appendix I, information on the share buyback programme and items that may have an impact in the event of an offer of securities to the public) |
| **“3-in-1” RD** | 1. RD 2. AFR 3. Full management report | “2-in-1” RD content supplemented by information from the management report not expressly required in the RD+AFR, such as:  
- Social, societal and environmental impact of the company’s activities  
- Employee profit sharing  
- Summary of currently valid authorisations delegating power to increase the share capital  
- Description of any installations covered by the Seveso Directive  
- Crossing of disclosure thresholds and ownership structure  
- Summary of trading in the company’s shares by executives |
| **“4-in-1” RD** | 1. RD 2. AFR 3. Management report 4. Information required for the shareholders’ meeting | “3-in-1” RD content supplemented by the information required for the shareholders meeting, such as:  
- Five-year financial summary (French Commercial Code, article R225-102)  
- Appropriation of income/loss (D135)  
- Agenda and proposed resolutions  
- Comments of the supervisory board on the management board’s report (French Commercial Code, article L225-68)  
- Statutory auditors’ special reports (on stock options, bonus shares, share buyback programmes, cancellation of pre-emptive subscription rights, etc.) |

In addition to the registration document, many companies prepare a separate annual report (or corporate brochure) for communication purposes, which is distributed at the annual shareholders’ meeting.

The format of this document, sometimes called an activity and corporate responsibility report, is not regulated. However, it typically presents the group, its strategy, governance, activities, markets, sustainable development and innovation commitments and its key financial and non-financial figures.

As the form and layout of the registration document are flexible, it is possible to include this communication document in the first part of the registration document (or the first volume) before the second regulatory part. This solution allows issuers to create synergies between their annual publications while maintaining the publication of large separate institutional brochures. The same applies to companies that prepare an integrated report. However, companies must ensure that both sections are designated as the registration document in its entirety as the annual brochure or integrated brochure are only a part of the registration document and are not subject to the AMF’s visa number.
STRUCTURE OF THE REGISTRATION DOCUMENT

According to market practices, issuers on Euronext Paris mainly use three types of structure for their registration document:

- structure following the order of the 25 items of Annex I of the Prospectus Regulation;
- topic-based structure in six to ten chapters;
- two-part structure including the annual brochure (or the integrated report if it becomes more widespread) supplemented by another section presenting all other financial and legal information.

When the structure of the registration document does not follow the order of the 25 items of Annex I, a concordance table between the items of the Annex of the Prospectus Regulation and the items of the registration document must be provided. This table must list all the items and sub-items of Annex I as well as the corresponding page numbers.

Regardless of the structure used, and given the extent of the information required, companies may incorporate information by reference to other sections, thereby avoiding duplication – provided that these cross-references are specific and do not interfere with the readability of the document.

RESPONSIBILITY FOR THE REGISTRATION DOCUMENT

The person(s) responsible for the registration document must declare that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is to the best of their knowledge in accordance with the facts and contains no omission likely to affect its import.

They must also declare that they have obtained a statement from the statutory auditors affirming that they have read and verified the financial information contained in the registration document (the “lettre de fin de travaux”) and include the auditors’ observations, if any.

When the statutory auditors’ reports incorporated by reference in the document include one or more reservations or observations, the person(s) responsible for the document must mention this and indicate the pages where these reports appear.

The statement by the person responsible for the registration document may only be signed by the chairman of the management board, the chairman and chief executive officer, or, if the positions are separated, by the chief executive officer or a deputy chief executive officer for companies with a board of directors.
The AMF has published samples of such statements corresponding to the following situations (AMF Instruction no. 2005-11 of December 13, 2005 amended on June 24, 2011):

- Statement accompanying a single registration document;
- Statement accompanying a registration document containing an annual financial report;
- Statement accompanying a registration document (or update thereto) containing a half-yearly financial report.

**AUDIT BY THE STATUTORY AUDITORS**

In addition to their reports on the financial statements and consolidated financial statements, the statutory auditors certify that the forecast, estimated or pro forma information, if any, presented in the registration document (and when applicable in the updates or corrections thereto) have been properly reported and that the accounting basis used complies with the accounting methods applied by the issuer.

As regards the other information contained in the registration document, the statutory auditors examine the document for any information deemed inconsistent based on their general knowledge of the issuer acquired during the engagement.

The statutory auditors draw up a *lettre de fin de travaux* for the registration document in which they refer to the reports issued by them and contained in said document or the updates or corrections thereto and state any observations based on their examination of the document as a whole and any verifications made in accordance with professional accounting standards. This statement is drawn up at a date as close as possible to the date of certification by the AMF. As it is a private document, it is not published in the document but is provided to the issuer which forwards a copy to the AMF.

**REVIEW OF THE REGISTRATION DOCUMENT BY THE AMF**

The registration document must be filed with the AMF. If the issuer has not yet submitted three consecutive registration documents to the AMF, the draft document is normally reviewed by the AMF, which can request changes or additional investigations before its registration and publication. If the issuer has already submitted three consecutive registration documents to the AMF, the document is reviewed by the AMF after publication.

If the AMF finds a significant omission or inaccuracy in the content of a published registration document, it informs the issuer who must file the corrections made to
the registration document with the AMF. These corrections are disclosed to the public. The AMF considers as significant any omission or inaccuracy that may alter an investor’s assessment of the organisation, business, risks, financial position and results of the issuer. The other observations made by the AMF are disclosed to the issuer who will take them into account in the registration document of the following year.

**UPDATES OF THE REGISTRATION DOCUMENT**

After the publication of the registration document, the issuer may update it on a regular basis under the same terms. These updates relate to published accounting data and new facts on its organisation, business, risks, financial position and results.

When an update of the registration document is disclosed to the public within three months following the end of the first and third quarters or within two months following the end of the first half and includes the half-yearly financial report, the issuer is exempt from having to publish a separate half-yearly financial report.

**DISSEMINATION AND STORAGE OF THE REGISTRATION DOCUMENT**

The registration document is made available free of charge to the public at the registered office of the issuer and at the offices of the organisations acting as paying agent for the issuer’s securities on the day following its filing or registration at the latest. A copy must be sent free of charge to any person at his or her request.

The electronic version of the registration document is sent to the AMF to be posted on its website.

When the registration document is also used as the annual or half-yearly financial report, it is subject to the dissemination and storage requirements applicable to regulatory information, i.e.:

- “Full and effective” dissemination by electronic means. A press release announces the availability of the registration document (an example of a press release is set out in Appendix 11 to the Guide to Filing Regulatory Information with the AMF and to its Dissemination).
- The requirement to store the registration document on the issuer’s website for five years is no longer applicable. As from January 6, 2009, the AMF sends the document to the DILA which is responsible for storing it via its website [www.info-financiere.fr](http://www.info-financiere.fr).
In addition, the press release announcing that the registration document is available must also include the list of regulatory information included in the document, particularly the chairman’s report on corporate governance, risk management and internal control procedures, the fees paid to the statutory auditors, the description of the share buyback programmes and the documents for the shareholders’ meeting\textsuperscript{10}.

To ensure equal treatment of shareholders, most companies, especially those with international shareholders, publish an English translation of the registration document. The translation must be available online at the same time as the original version of the registration document.

The registration document can be incorporated in a prospectus for up to 12 months, provided it has been updated on a regular basis. The prospectus can benefit from the European Passport in the event of an offer of securities to the public or admission to trading on the regulated market of a Member State of the European Community other than France.
I. REGULATORY TEXTS CONCERNING OFFERS OF SECURITIES TO THE PUBLIC

A. Community sources


5. **Questions & Answers**: positions that are jointly accepted by the Members of ESMA (24th version - April 2016)

B. French national sources

1. **Articles L. 411-1 to L. 412-3 and articles L. 621-8 to L. 621-8-3 of the French Monetary and Financial Code**

2. **Articles D. 411-1 to D. 411-4 of the French Monetary and Financial Code** (list of qualified investors)

3. **AMF’s General Regulations**, article 211-1 et seq., Title 1 (Offer of securities to the public or admission to trading of securities on a regulated market) of Book II (Issuers and financial disclosure)


5. **AMF Recommendation no. 2009-11 of June 8, 2009** on the preparation of financial transactions submitted for AMF approval
6. AMF Position no. 2006-17 of July 10, 2006 on the notion of profit forecast
7. AMF Position no. 2007-17 of October 23, 2007 Questions & Answers relating to profit forecasts
10. AMF Position no. 2013-03 of February 4, 2013 on information to be provided by companies in the event of the issuance of shares or securities granting access to the share capital where a prospectus subject to AMF approval is not published

II. REGULATORY TEXTS CONCERNING ONGOING DISCLOSURES

A. Community sources

2. Commission Delegated Regulation (EU) no. 2016/522 of December 17, 2015 supplementing Regulation (EU) no. 596/2014 of the European Parliament and of the Council, as regards an exemption for certain third countries’ public bodies and central banks, the indicators of market manipulation, the disclosure thresholds, the competent authority for notifications of delays, the permission for trading during closed periods and types of notifiable managers’ transactions

B. French national sources

1. AMF’s General Regulations articles 221-1 et seq., included in the Chapter I (Common provisions and dissemination of regulatory information) of Title II (Periodic and ongoing disclosure obligations) of Book II (Issuers and financial disclosure); articles 223-1 et seq. included in Chapter III (Ongoing disclosures) Title II (Period and ongoing disclosures) of Book II (Issuers and financial disclosure); articles 611-1 et seq. of Book VI (Market abuse: insider dealing and market manipulation)
3. AMF Instruction no. 2007-03 of May 31, 2007 (updated July 8, 2013) relative to the methods of filing regulatory information electronically
4. AMF Recommendation no. 2007-08 of January 20, 2007 on written financial communications of companies listed on a regulated market and dissemination of regulatory information
5. AMF’s Practical guide relating to the filing of regulatory information at the AMF and to its dissemination on November 28, 2007 (updated on April 15, 2013)
6. AMF Position no. 2009-14 of July 28, 2009 (updated on August 1, 2012) on financial information disclosed by companies in financial difficulty
7. AMF Position/Recommendation no. 2004-04 of October 12, 2004 (updated on December 4, 2013) on the communication of estimated financial data
8. AMF Recommendation no. 2014-05 of December 9, 2014 on the communication of listed companies through their website and social media
9. AMF Recommendation no. 2015-03 of February 3, 2015 on quarterly or interim financial information
10. AMF Recommendation no. 2015-09 of November 26, 2015 on communication by companies designed to market their shares to individual investors
11. AMF Position no. 2015-10 of November 26, 2015 on communication by companies in relation to fees for holding securities on a pure registered basis

III. TEXTS RELATING TO PERIODIC DISCLOSURES

A. Community sources


B. French national sources

1. Articles L. 451-1-2 et seq. of the Monetary and Financial Code
3. **Article 243 bis of the French Tax Code** (information related to dividends included in the management report)

4. **Articles L. 225-37 paragraph 6 et seq.** (in the version currently in force and the version to be published on December 31, 2016) and **L. 225-68 paragraph 7 et seq. of the French Commercial Code** (the chairman’s report on corporate governance and internal control and risk management procedures)

5. **Article L. 621-18-3 of the French Monetary and Financial Code** (disclosing the chairman’s report on the board’s work and on internal control procedures)

6. **Articles L. 232-1 to L. 232-7 of the French Commercial Code** (annual financial statements)

7. **Articles L. 225-184 and L. 225-197-4 of the French Commercial Code** (special report related to shares attributed for free and share purchase options)


10. **AMF’s General Regulations**, articles 221-1 et seq., included in Chapter I (Common provisions and dissemination of regulatory information) of Title II (Periodic and ongoing disclosure obligations) of Book II (Issuers and financial disclosure); articles 222-1 et seq. included in Chapter II (Periodic information) of Title II (Period and ongoing disclosure obligations) of Book II (Issuers and financial disclosure)

11. **AMF Instruction no. 2007-03 of May 31, 2007** (updated on July 8, 2013) relative to the methods of filing regulatory information electronically

12. **AMF Instruction no. 2006-10 of December 19, 2006** (updated on July 28, 2011) relative to the disclosure of fees paid to statutory auditors and to members of their network

13. **AMF Recommendation no. 2010-07 of November 3, 2010** (updated on July 8, 2013), Guide relating to the prevention of insider misconduct attributable to corporate officers of listed companies

14. **AMF Position/Recommendation no. 2010-18 of February 9, 2010** (updated on August 1, 2012) on the presentation of assessment items and real-estate assets of listed companies

15. **AMF Recommendation no. 2008-11, on December 17, 2008** on the communication of annual sales data of listed companies

16. **AMF Recommendation no. 2010-16 of July 22, 2010**, reference framework on internal risk management and social control plans

17. **AMF Recommendation no. 2007-08 of January 20, 2007** on written financial communications of companies listed on a regulated market and dissemination of regulatory information


20. **AMF Recommendation no. 2010-19 of July 22, 2010** on the audit committee

22. AMF Recommendation no. 2013-08 of May 17, 2013 (updated on April 15, 2016) on pro forma financial information

23. AMF Recommendation no. 2013-17 of November 4, 2013 (updated on January 13, 2015) on the chairman’s report on internal control and risk management procedures, a consolidated presentation of the recommendations in the AMF’s annual reports

24. AMF Recommendation no. 2013-18 of November 5, 2013 on the report on the corporate social responsibility information published by listed companies

25. AMF Recommendation no. 2014-08 of September 22, 2014 on the 2014 report by the AMF on corporate governance and the compensation of corporate officers

26. AMF Recommendation no. 2014-05 of December 9, 2014 on the communication of listed companies through their website and social media


28. AMF Recommendation no. 2015-01 of January 12, 2015 on the chairman’s report on internal control and risk management procedures adapted to mid-cap issuers

29. AMF Guide of June 2015 on the relevance, consistency and readability of the notes to the financial statements

30. AMF 2015 Report dated November 9, 2015 on corporate governance and the compensation of corporate officers

31. AMF Recommendation no. 2015-11 of December 3, 2015 on communications of companies listed on a regulated market or MTF when they publish their results

32. AMF Position no. 2015-12 of December 3, 2015 on non-GAAP performance measures

33. AMF Study of February 16, 2016 on the chairman’s report on internal control and risk management procedures for 2014

IV. TEXTS RELATING TO SPECIFIC CASES IN WHICH THE DISSEMINATION OF FINANCIAL DISCLOSURES IS REQUIRED

A. Takeover bids


2. Articles L. 433-1 to L. 433-4 of the French Monetary and Financial Code

3. AMF’s General Regulations, articles 223-32 et seq. in Section VII (Statement of intent in the event of preparations for a takeover bid) of Chapter III (Ongoing disclosures) of Title II (Periodic and ongoing disclosure obligations) of Book II (Issuers and financial disclosure); articles 231-1 et seq. included in Title III (Takeover bids) of Book II (Issuers and financial disclosure)
5. Instruction no. 2009-08 of October 1, 2009 on the oversight of takeover bids

B. Crossing of shareholding thresholds

4. AMF’s General Regulations, articles 223-11 et seq. included in Section II (Crossing of shareholding thresholds) of Chapter III (Ongoing disclosures) of Title II (Periodic and ongoing disclosure obligations) of Book II (Issuers and financial disclosure)
5. AMF Instruction no. 2008-02 of March 31, 2008 (updated on February 7, 2013) Declarations of crossings of shareholding thresholds

C. Reporting of transactions made in shares of listed companies by executives

2. AMF’s General Regulations, articles 223-22 et seq. included in Section V (Transactions by executives and persons mentioned in article L. 621-18-2 of the French Monetary and Financial Code) of Chapter III (Ongoing disclosures) of Title II (Periodic and ongoing disclosure obligations) of Book II (Issuers and financial disclosure)
3. Instruction no. 2006-05 of February 3, 2006 (updated on July 8, 2013) on transactions by executives and persons mentioned in article L. 621-18-2 of the French Monetary and Financial Code in company shares
4. AMF Position /Recommendation no. 2006-14, of September 28, 2006 (updated on July 8, 2013) Questions & Answers on the reporting obligations for transactions carried out by executives, their relatives and assimilated persons
5. AMF Recommendation no.2010-07 of November 3, 2010 (updated on July 8, 2013) Guide relating to the prevention of insider misconduct attributable to corporate officers of listed companies
D. Share buyback programmes


2. **ESMA's Draft technical guidelines** on the market abuse regulation dated September 28, 2015

3. **Articles L. 225-209 to L. 225-211 of the French Commercial Code** (share buyback programmes)

4. **AMF's General Regulations**, articles 241-1 et seq. (description of a buyback, weekly and monthly information on the implementation of a share buyback) in Title IV (Share buyback programmes and reporting transactions) of Book II (Issuers and financial disclosure)

5. **Instruction no. 2005-06 of March 9, 2005** on the methods for reporting for share buyback programmes and stabilisation transactions

6. **AMF Position no. 2009-17 of November 19, 2009** (updated on April 24, 2013) on the rollout of share buyback programmes

7. **Decision of March 24, 2011** – accepted market practice no. 2011-07 on liquidity contracts amending the decision of October 1, 2008 on the adoption by the AMF of liquidity contracts as accepted market practice

E. Disclosure of shareholder agreements

1. **Article L. 233-11 of the French Commercial Code**

2. **AMF's General Regulations**, article 223-18 (information relative to shareholder agreements) included in Section III (Shareholder agreements) of Chapter III (Ongoing disclosures) of Title II (Periodic and ongoing disclosure obligations) of Book II (Issuers and financial disclosure)

F. Transfers and acquisitions of significant assets

1. **AMF Position/Recommendation no. 2015-05 of June 15, 2015** on transfers and acquisitions of significant assets by listed companies

G. Dividends

1. **AMF Position/Recommendation no. 2007-10 of March 23, 2007** (updated on August 1, 2012) on disclosure requirements on ex-dividend dates

<p>| A | Accounting restatements | 42-43 |
|   | “Activist” funds | 102 |
|   | Acquisitions | 39, 40, 48, 68-82, 108, 117, 139 |
|   | Alternative performance measures | 6, 17, 41 |
|   | Analyst day | 110 |
|   | Annual financial report | 14, 15, 27, 29, 30-33, 36, 37, 65, 66, 104, 111, 126, 127, 129 |
|   | Annual results | 27-34, 44, 63, 95 |
|   | Appointment of a member of the executive board | 51, 52, 59, 78 |
|   | Archiving | 21, 116 |
| B | BALO | 27, 33, 37, 56, 114, 136 |
|   | Black out period | 90 |
|   | Board of directors and supervisory board | 27, 28, 30, 31, 34, 35, 36, 42, 46 |
|   | Bond issue | 84, 86-87, 104 |
|   | Bonds | 82, 85-87 |
|   | Brokers | 23, 100, 101, 102, 106, 109, 110, 118 |
|   | Buyback of own shares | 58, 61-63, 126, 127, 131, 139 |
|   | Buy-side | 29, 102, 109, 110 |
| C | Cancellation of own shares | 62 |
|   | Capital increase | 31, 34, 83-85 |
|   | Capital Markets Day | 110 |
|   | Closed periods | 19, 99-100, 134 |
|   | Clubs and advisory committees | 112-113 |
|   | Company work council and Group work council | 79-80, 97 |
|   | Competing bid | 69, 71, 77, 81 |
|   | Competitive market watch | 120-121 |
|   | Conference calls | 29, 107, 114, 117 |
|   | Conferences | 73, 96, 110, 120 |
|   | Consensus | 47-48, 116, 119-120 |
|   | Contract | 5, 49, 55, 70, 74, 84, 85-86, 87 |
|   | Corporate access | 106, 109 |
|   | Corporate disclosure policy | 98, 122 |
|   | Crossing of legal thresholds | 57-60 |
|   | Crossing of thresholds established by the company’s articles of association | 60 |
|   | Custodial services | 111, 113 |
|   | Customer | 49 |</p>
<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>De-mergers</td>
<td>72-74</td>
</tr>
<tr>
<td>Differences between forecasts</td>
<td>47-48</td>
</tr>
<tr>
<td>Dismissal of an executive</td>
<td>51-52</td>
</tr>
<tr>
<td>Disposals</td>
<td>40, 68-71, 117</td>
</tr>
<tr>
<td>Dissemination of analyst research</td>
<td>99</td>
</tr>
<tr>
<td>Dissemination of regulatory information</td>
<td>15, 20, 27, 28, 29, 31, 32, 33, 35, 37, 48, 56, 57, 61, 62, 68, 69, 75, 76, 79, 80, 81, 82, 83, 87, 88, 89, 98, 100, 104, 107, 115, 119, 120, 122, 130, 131, 133-137</td>
</tr>
<tr>
<td>Dividend payments</td>
<td>63-65</td>
</tr>
<tr>
<td>Dividends</td>
<td>28, 31, 63-65, 104, 105, 112, 136, 139</td>
</tr>
<tr>
<td>Employee representative bodies</td>
<td>50, 96, 97</td>
</tr>
<tr>
<td>Employee savings plans (PEE)</td>
<td>50</td>
</tr>
<tr>
<td>Employee shareholders</td>
<td>105</td>
</tr>
<tr>
<td>Estimated financial data</td>
<td>44, 45-46, 135</td>
</tr>
<tr>
<td>Executive board</td>
<td>19, 42, 46, 51-52</td>
</tr>
<tr>
<td>Executive compensation</td>
<td>6, 53-54, 137</td>
</tr>
<tr>
<td>Executive management</td>
<td>9, 92, 97, 98, 100, 105-106, 108, 119, 121, 122</td>
</tr>
<tr>
<td>Feedback</td>
<td>101, 109, 110, 119-120</td>
</tr>
<tr>
<td>Field trips</td>
<td>111</td>
</tr>
<tr>
<td>Financial communication calendar</td>
<td>43, 95-96, 122</td>
</tr>
<tr>
<td>Financial communication language</td>
<td>21-23</td>
</tr>
<tr>
<td>Financial marketing and investor targeting</td>
<td>100-105, 109</td>
</tr>
<tr>
<td>Financial notices</td>
<td>29, 34, 113</td>
</tr>
<tr>
<td>Financing contracts</td>
<td>85, 87</td>
</tr>
<tr>
<td>Forecasts</td>
<td>28, 41, 44-45, 47, 102, 121, 134</td>
</tr>
<tr>
<td>Global debt renegotiation</td>
<td>88</td>
</tr>
<tr>
<td>Half-yearly financial report</td>
<td>15, 34, 35-37, 39, 129, 130</td>
</tr>
<tr>
<td>Half-yearly results</td>
<td>34-35, 95, 107, 122</td>
</tr>
<tr>
<td>Identification of the shareholder base</td>
<td>101</td>
</tr>
<tr>
<td>Improved offer</td>
<td>77, 81-82</td>
</tr>
<tr>
<td>Individual shareholder</td>
<td>104-105, 111-113, 123</td>
</tr>
<tr>
<td>Industrial investment</td>
<td>49</td>
</tr>
<tr>
<td>Information meetings</td>
<td>29, 34, 107-108</td>
</tr>
<tr>
<td>Informing the board of directors or supervisory board</td>
<td>121</td>
</tr>
<tr>
<td>Initial public offerings (IPOs)</td>
<td>22, 89-91</td>
</tr>
<tr>
<td>Insider information</td>
<td>5, 6, 14, 15, 16, 18-20, 29, 38, 47, 57, 63, 64, 68, 69, 98, 99, 104, 106, 107, 118, 122, 134</td>
</tr>
<tr>
<td>Integrated report</td>
<td>27, 32-33, 127, 128</td>
</tr>
<tr>
<td>Internal communication</td>
<td>96, 97</td>
</tr>
<tr>
<td>Investor Day</td>
<td>110</td>
</tr>
</tbody>
</table>

| Leaked information | 67-68, 118 |
| License | 49 |
| Liquidity contract | 63, 139 |
| Litigation | 66-67 |
| Loan covenants | 87 |

| Market sentiment | 119 |
| Media | 67, 96, 97, 116, 119, 122 |
| Mergers | 39, 68-82, 117 |
| Mid-caps | 53, 125, 134, 137 |

| Non-GAAP performance measures | 41, 137 |

| Objectives | 19, 28, 43, 44-45, 47, 59, 62, 69, 84, 119 |
| Offer document | 15, 75-80, 88 |
| One-on-one meetings | 16, 101, 108, 110, 117, 120 |
| Ongoing information | 6, 14-15, 18, 19, 20, 38, 43, 98, 99 |
| Online voting | 114 |
| On-site visits | 111 |
| P | Partial mergers | 72-74 |
|   | Partnership | 49 |
|   | “Passive” funds | 103 |
|   | Patent | 49 |
|   | Perception surveys | 120 |
|   | Periodic disclosures | 38-43, 51, 52, 99, 135 |
|   | Periodic meetings | 111, 112 |
|   | Private Investment in Public Equity (PIPE) | 84 |
|   | Pro forma information | 6, 39, 40, 70, 124, 125, 129 |
|   | Production site | 49 |
|   | Profit warning | 44, 45, 47, 120 |
|   | Prospective information | 28, 43-48, 104, 122 |
|   | Prospectus | 15, 18, 22-23, 32, 39-46, 69, 82, 83, 84, 85, 86, 89, 90, 123, 126, 131, 133, 134, 138 |
|   | Public offer | 22, 23, 32, 82, 83-84, 87-90 |

| Q | Quarterly information | 14, 15, 37-38, 52, 63, 95, 97, 98, 99, 122, 130, 135 |
|   | Questions & Answers | 55, 63, 133, 134, 138, 139 |
|   | Quiet period | 98-99, 107, 122 |

| R | Rating agencies and credit analysts | 103, 104, 111, 116 |
|   | Redundancies | 50 |
|   | Registration document | 27, 32, 33, 35, 36, 37, 39, 43, 45, 51, 52, 53, 54, 59, 60, 61, 65, 66, 67, 76, 80, 82, 85, 87, 88, 89, 90, 98, 104, 111, 123, 131, 134, 136, 137 |
|   | Regulatory information | 14, 15, 20, 21, 22, 27, 28, 31, 32, 33, 37, 41, 48, 56, 57, 60, 61, 62, 63, 69, 75, 76, 83, 87, 97, 98, 115, 116, 118, 126, 130, 131, 134, 135, 136 |
|   | Resignation of an executive | 51-52 |
|   | Restructuring plans | 50 |
|   | Reverse roadshows | 109 |
|   | Risks | 5-19, 30, 36, 65-67, 69, 79, 81, 97, 98, 102, 119, 125, 130 |
|   | Roadshows | 83, 90, 91, 96, 101, 104, 108-109, 119, 120 |
|   | Rumours | 74, 78, 90, 118 |
### S

- **Sales and marketing**: 49
- **Securitisation**: 85, 88-89
- **Segment organisation**: 38
- **Sell-side**: 29, 101, 102, 110, 119
- **Share buyback programmes**: 61, 127, 131, 139
- **Share Capital**: 57, 59, 60, 61, 62, 83, 85, 88, 127, 134
- **Share performance**: 121
- **Shareholder representative associations**: 104
- **Shareholders’ agreements concerning a subsidiary**: 60
- **Shareholders’ agreements concerning the issuer**: 60
- **Shareholders’ meetings**: 56-57, 112, 113-115, 116, 118
- **Share price objectives**: 119
- **Social media**: 107, 118, 135, 137
- **Social networks**: 96, 98, 112, 117, 118-119
- **Specialised committee**: 27, 52, 53, 115
- **Spin-offs**: 39, 72-74
- **SRI analysts**: 103
- **Statutory auditors’ fees**: 27, 31, 33, 34, 126
- **Stock options**: 53, 127
- ** Strikes**: 50

### T

- **Takeover bid**: 30, 56, 67-68, 69, 74-82, 137-138
- **Telephone and email contacts with individual shareholders**: 112
- **Telephone meetings with analysts and investors**: 107

### V

- **Videoconferences**: 117
- **Voting rights**: 15, 57-62, 76, 78, 113, 125

### W

- **Webcasts**: 29, 107, 117-118
- **Websites**: 16, 28, 56, 76, 80, 86, 90, 115-116
- **White knight**: 81
- **Withdrawal of an offer**: 77
- **Written and oral questions from shareholders**: 57
OCF ACHIEVEMENTS

Since its creation in 2005, the achievements of the Observatoire de la Communication Financière have aimed at promoting best practices in the field of financial communication in compliance with regulatory requirements.

Monitoring and analysing financial communication trends

Monitoring and analysing financial communication trends resulting in the publication of several surveys and research studies the:
- impact of the transition to IFRS
- stakes of the Transparency Directive
- analysis of press releases of the SBF 120 companies
- benchmarking of European executive compensation.
- How do Financial Communications address risks?

Interfacing between issuers and market opinions

Illustrated by the debates, which were focused on financial communication issues in a market that requires companies to adapt and react, organised with the French financial daily Les Echos or as part of the Euroland international financial conference in Paris:
- challenges and risks associated with new transparency measures
- the impact of the economic crisis on financial communication
- financial communication and new information flows
- financial information and investor psychology
- disintermediation of the bond market and its impact on issuers.
- Can CSR Enhance Financial Communications?

Supporting issuers

Through the disclosure of registration documents available online at www.observatoirecomfi.com and on member sites:
- Glossary of financial communication terms
- Financial Communication: Framework and Practices

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For a listed company, communicating with the market is of strategic importance.

Increasing requirements in terms of transparency and the growing complexity of regulatory constraints in the field have highlighted the need for a document setting out the general guidelines for issuers.

The Observatoire de la Communication Financière has thus taken the initiative to meet the challenge and capitalise on the expertise of its members for the preparation of this guide:

**“FINANCIAL COMMUNICATION: FRAMEWORK AND PRACTICES”**

In addition to serving investor relations professionals as a tool for decision making, this document has the objective of encouraging executives to reflect upon the stakes involved in their relationship with the market. It also aspires to contribute to enhancing Paris’ reputation as a financial centre.

The guide is available in electronic format on the OCF’s website (www.observatoirecomfi.com) as well as on its members’ websites. It is updated regularly and is available in both English and French.

The founding members of the OCF – Bredin Prat, Cliff, PwC and the SFAF – as well as Euronext, which also participated in the preparation of this guide, sincerely hope that it will serve issuers as a genuine source of reference.