

AMF Recommendation No. 2007-12
Production of independent research for large scale securities offerings intended for retail investors

Reference texts: Article 223-10-1 of the AMF General Regulation

In its report published on 13 July 2005, the working group on independent investment research, chaired by AMF Board-member Jean de Demandolx Dedons, noted that the research disseminated during securities offerings was usually produced by the members of the underwriting syndicate in charge of the offer, especially in the case of initial public offerings. The working group therefore judged that, going forward, one or more research reports should be produced by firms or persons outside the underwriting syndicate and disseminated to the targeted investors.

The AMF stresses that it is both expedient and healthy that independent opinions and assessments of a company's risks and prospects should be compared and contrasted before an issue takes place in order to ensure that the market is properly informed. It is therefore necessary to set up a framework for the purposes of developing a broad and diversified supply of investment research for the market.

The AMF reiterates that with regard to the article 223-10-1 of the AMF General Regulation: "Issuers must ensure equal and simultaneous access in France to the information sources and channels that the issuer or its advisers make available specifically to investment analysts, particularly with regard to corporate finance transactions".

Recommendation:

Similarly, and in addition to that principle, the AMF calls on companies seeking a public listing or preparing a share capital increase to implement the resources needed to solicit and facilitate the production of research from even more varied sources outside the underwriting syndicate in cases where the offering is of a significant size and is intended for retail investors. In such cases, the AMF also recommends that companies and members of the underwriting syndicate make such research available to the public in a readily accessible and convenient format.