

The AMF and the AFA call for vigilance of the risk of private corruption by criminal networks of natural persons with access to inside information

In recent years, the *Autorité des Marchés Financiers* (AMF) has been witness to the growth of "insider networks" linked to organised crime on the financial markets. These networks are groups of individuals who organise themselves to obtain, illegally and repeatedly, inside information about companies whose securities are listed on the stock exchange, in France or abroad, in order to use this information to carry out opportune transactions in these securities ahead of major announcements (takeover bid, publication of financial results, etc.) and/or to sell it to third parties, thereby making significant gains. These practices are detrimental to the integrity and efficiency of the French financial centre and could undermine investor confidence in financial market participants (listed companies, and their legal and financial advisors in particular).

This worrying development is exacerbated by the more sophisticated techniques these networks are now using, particularly in terms of recruiting and processing their sources, and of transmitting inside information. In order to obtain inside information, insider networks offer money, gifts or advantages to people identified as having access to it.

The natural persons exposed to this risk may include investment bankers, lawyers or the employees of listed companies who are in direct possession of inside information (for example, the staff of the finance, financial communications or mergers & acquisitions departments) or those who are in charge of processing this information (IT specialists, IT service providers, etc.).

Against this backdrop, the AMF and the *Agence Française Anticorruption* (AFA) are publishing this call for vigilance for the attention of companies in possession of inside information due to their listing or activity on the financial markets, and in particular those subject to Law No. 2016-1691 of 9 December 2016 (the "Sapin II Law"), so that this risk of private corruption can be averted as far as possible.

The AMF and the AFA recommend that market participants strengthen their existing risk management systems to facilitate risk prevention and detection by:

- including in their corruption risk map the private corruption scenario(s) to which their employees and third parties with knowledge of or access to inside information by virtue of their functions are exposed;
- identifying their employees and/or third parties who have access to inside information and are therefore exposed to this risk, involving them in discussions to create or update the corruption risk map, and treating them as staff members exposed to the risk of corruption;
- including them in the anti-corruption training system, so that they are aware of the risk of being targeted by insider networks and of the disciplinary and even criminal consequences, so that they can detect attempts by insider networks to contact them and so that they are aware of the behaviour to adopt to limit this risk (for example: deciding whether it is appropriate to make public the identity of employees working in departments particularly exposed to this risk);
- supplementing their code of conduct with an illustration explaining this risk scenario;

- defining and disseminating a clear policy on the acceptance of gifts and invitations, and monitoring the due application of this procedure;
- reminding their employees of the internal or external alert systems they can use to report attempts to contact them or suspicious cases.

The AMF and AFA remain at the disposal of the market participants concerned as part of their respective support missions. To make a report or if you have any questions, please contact:

- the AMF: b.surveillance@amf-france.org
- the AFA: www.agence-francaise-anticorruption.gouv.fr, "faire un signalement" (make a report) section, afa@afa.gouv.fr