

October 4, 2019

Shareholder Activism and Governance in France: Proposed Reforms

The Finance Commission of the French National Assembly has [announced](#) a report that will recommend reforms to French securities market regulations to address shareholder activism and market transparency. The report's recommendations focus on responding to the excesses of activists in the French market with enhanced disclosure, reduced asymmetry of regulation between activist investors and French public companies and enhanced regulations with respect to short selling.

Notably, the recommendations include reducing the threshold for disclosure of equity ownership (including derivatives and other synthetic ownership) from 5% to 3%. The report also recommends enhanced regulation of short trading (including negatively correlated instruments and arrangements) in excess of certain volume limits and increasing the powers of the French market regulator, the *Autorité des marchés financiers (AMF)*, to enable it to respond more swiftly and effectively to market abuses.

We have in the past called for, and [reported on](#) proposed, changes to the U.S. disclosure requirements with respect to securities ownership and the regulation of short trading, which presents unique risks to market integrity. This is something that has interested U.S. market participants, legislators and regulators for a long time, but as to which little change has been made in the United States. We are encouraged to see other countries taking these risks seriously and taking steps to address them.

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