



Book III - Service providers

Title I - Investment services providers

Chapter III - Financial instrument governance requirements

Section 1 - Financial instrument governance obligations for manufacturers

General regulation of the AMF

Article 313-12 into force since 03 January 2018

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Article 313-12

I.- The manufacturer shall undertake an analysis for each financial instrument that it manufactures to assess:

- 1 • the risks of poor outcomes for end clients posed by the financial instrument; and
- 2 • in which circumstances these outcomes may occur.

II.- It shall assess the financial instrument under negative conditions covering what would happen if, for example:

- 1 • the market environment deteriorates;
- 2 • the manufacturer or a third party involved in manufacturing and or functioning of the financial instrument experiences financial difficulties or other counterparty risk materialises for the manufacturer or the third party;
- 3 • the financial instrument fails to become commercially viable; or

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- 4 • demand for the financial instrument is much higher than anticipated, compromising its financial position or disrupting the market of the underlying assets.

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