

Beat: Politics

## AMF MOBILISES ALL THE MEANS AT ITS DISPOSALS FOR CASINO CASE by LES ECHOS

ITVW OF ROBERT OPHELE HEAD OF AMF

Paris, Washington DC, 14.11.2019, 00:33 Time

**USPA NEWS** - Robert Ophele, the head of the Financial Markets Authority (AMF), talks about the thorny Casino case. For "Les Echos", he delivers his analysis on the standoff between the group and investors who bet on the decline of the title. Robert Ophele, the head of the Financial Markets Authority (AMF), talks about the thorny Casino case. For "Les Echos", he delivers his analysis on the standoff between the group and investors who bet on the decline of the title. We are here publishing hereafter the interview led by the two journalist Laurence Boisseau and Isabelle Couet for Les Echos, as an exclusive report.

For two months, there has been some excitement around Casino in the markets. Securities are the target of short sellers. At the same time, many worry about the financial health of the Casino-Rallye group and wonder about its communication.

QUESTION LES ECHOS : What does the AMF do?-----

ANSWER ROBERT OPHELE - Head of AMF: I do not like that we instrumentalise the AMF. We mobilize all the means at our disposal to understand the different aspects of this situation and, without overreacting, we are very attentive in this matter, as much to the quality of the information given to the market by the different actors as to the good functioning of it. Since a society is the subject of strong speculative movements, it calls for particular vigilance.-----

QUESTION LES ECHOS : The right information has to come from the company first, right?-----

ANSWER ROBERT OPHELE - Head of AMF: Of course, and in times of stress, the communication of issuers becomes more important. Similarly, it is important for the regulator to ensure that rumors or hypotheses that may appear as certainties do not circulate, particularly through intermediary media, especially when they come from persons in a situation of conflict of interest.-----

QUESTION LES ECHOS : Head of AMF: Do you refer to the hedge fund lawyer?-----

ANSWER ROBERT OPHELE : For example. A person can not be presented as a "whistleblower" if he is paid for this purpose. Moreover, it can not be said publicly that the accounts of a listed company are false or that the latter is not entitled to distribute dividends without providing proof in accordance with the applicable rules. The competent authorities do their job and do it in serenity, not under pressure.-----

QUESTION LES ECHOS : But does Casino communicate correctly to the market even though analysts point out the difficulties in understanding the group's precise financial situation?-----

ANSWER ROBERT OPHELE : The distribution sector may have some complexity with many legal arrangements. Casino is no exception to the rule with also a cascade of holdings. This complexity makes it all the more necessary, as the regulations require, an accurate, precise and sincere communication. The financial communication of issuers as a whole has been significantly improved in recent years under pressure from regulators and investors. Here again Casino is no exception.

QUESTION LES ECHOS : Rally recognizes the Casino shares in its financial statements at the historical value of 80 euros. However, the action trades at 50 euros on average since 2015. A banking covenant depends on it. Does it bother you?

ANSWER ROBERT OPHELE : Contrary to what has been said, Rallye has not changed its accounting method. Giving more information does not necessarily imply a change in accounting method. I remind you that French accounting standards do not require a valuation of shareholdings at the stock market price. In addition, Rallye is Casino's largest shareholder and long-term investor. It is not unusual for the shares of a controlling shareholder to receive a bonus. The fact that the market value is punctually lower than the historical value does not automatically lead to a depreciation. In France, we have the co-audit, this is not a miracle solution but it reinforces the quality of the certification of accounts.-----

QUESTION LES ECHOS : Casino reported a possible merger with Carrefour and Carrefour denied in the hours that followed. What do you think ?-----

ANSWER ROBERT OPHELE : This sequence puzzles me. In general, this type of exchange is not desirable for the proper functioning of the market. I note that the two groups did not endure in these actions. You do not necessarily start an investigation on a simple press release, but it can be part of a package. Finally, these announcements did not have a significant impact on the course

QUESTION LES ECHOS : Rally and Casino have filed a lawsuit against X for course manipulation. Jean-Charles Naouri speaks of a

pattern that repeats itself: the title is shortened a few days before a publication of a negative note. You confirm ?

ANSWER ROBERT OPHELE : In general, analysts and investors can come together in the same diagnosis. This is not illogical. The day of August 31 draws particularly our attention in view of a sharp fall in session without information. Admittedly, there was then a tweet from Muddy Waters but also a degradation of the rating by S & P the following Monday. We closely examine this sequence.-----

QUESTION LES ECHOS : Should we limit the short-selling?-----

ANSWER ROBERT OPHELE : Short sales are necessary for the proper functioning of the markets. Short-selling provides liquidity in certain circumstances. A market needs a diversity of stakeholders, it is essential to the mechanics of price formation. At certain periods, short selling was prohibited, but this was because the situation presented a systemic risk. I am not in favor of the ban, it gives a very negative signal to the market. In the case of Casino, we can wonder if we are really in a case of normal operation of the market while nearly 40% of the float could be the subject of short sales.-----

QUESTION LES ECHOS : You have recalled the rules of the game on this occasion. Have there been any abuses, including sales of securities that have not been borrowed?-----

ANSWER ROBERT OPHELE : No defaults on the delivery of securities have been reported to us. The short-selling is framed: the sellers must declare themselves to the regulator as soon as their position reaches 0.2% and then indicate to us any crossing of threshold of 0.1%. We publish them from 0.5%. Incidentally, I confirm that we had no declaration of short position of the firm Muddy Waters beyond 0.5% at the end of August. When the movements become significant, we ask for additional information in order to analyze the functioning of the whole chain of speakers.-----

QUESTION LES ECHOS : Have you completed the Muddy Waters and Casino Financial Information Survey, which was launched following the December 2015 attacks?-----

ANSWER ROBERT OPHELE : It will certainly be completed in 2019. It will have taken almost three years, but when some players operate from abroad, it takes a lot longer.-----

QUESTION LES ECHOS : When Muddy Waters sells short in 2015 and publicly unveils its strategy and arguments, is there market manipulation?-----

ANSWER ROBERT OPHELE : This is a real question. Explaining why one sells short can be justified. The investigation will deliver our analysis on this file.-----

QUESTION LES ECHOS : Muddy Waters uncovered fraud, is not it useful?-----

ANSWER ROBERT OPHELE : These types of actors are useful to the market, but spreading false information or manipulations of course would be unacceptable. Source : Les Echos. Interview by Laurence Boisseau and Isabelle Couet

#### **Article online:**

<https://www.uspa24.com/bericht-16125/amf-mobilises-all-the-means-at-its-disposals-for-casino-case-by-les-echos.html>

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