

7 July 2011, Paris

## The AMF and the ACP warn the public about certain forex activities

The Autorité de contrôle prudentiel (ACP) and the Autorité des marchés financiers (AMF) have observed a significant increase in proposals to private individuals to invest in the currency (or forex) market<sup>1</sup>. Aggressive internet advertising campaigns relating to forex trading, particularly in the form of "rolling spot forex" contracts<sup>2</sup>, CFDs<sup>3</sup> and forward currency contracts (or "FX forwards"), are often accompanied by heavy selling pressure by way of numerous e-mail campaigns, follow-up telephone calls, etc.

The warning issued by the AMF and the ACP covers the following websites in particular, in respect of which it has not been possible to clearly identify any authorised service provider:

- [www.bforex.com](http://www.bforex.com) / BFOREX Limited
- [www.gcitrading.com](http://www.gcitrading.com) / GCI Financial Limited
- [www.nordfx.com/fr](http://www.nordfx.com/fr) / Nord Group Investments Inc
- [www.xforex.com](http://www.xforex.com) / Ultimass Global Holding Inc
- [www.alpari-fr.com](http://www.alpari-fr.com) / Alpari NZ Limited
- [www.fxcast.com](http://www.fxcast.com) / Surplus Finance SA
- [www.instaforex.com](http://www.instaforex.com) / InstaForex Companies Group
- [www.finanzasforex.com](http://www.finanzasforex.com) / Evolution Market Group Inc
- [www.youtradefx.com](http://www.youtradefx.com) / International Youtrade Investments MA Ltd

Consequently, the two authorities advise investors to ignore any soliciting originating from these sites and to refrain from referring them to third parties in any form whatsoever.

The ACP and the AMF wish to remind investors of the **specific risks associated with these products**, which are most often marketed via websites:

(1) Before entering into any commitment, private investors should ensure that the intermediary who is offering or recommending the services is registered on a list of providers authorised to provide investment services in France (<https://www.regafi.fr>).

If the intermediary is not on any of these lists, the AMF and the ACP strongly advise investors to ignore any soliciting from that intermediary, since it is in breach of applicable legislation and is not obliged to comply with the basic rules on investor protection, reliable information and complaint handling.

<sup>1</sup> The forex (or foreign exchange – FX) market is an over-the-counter currency market – in other words, it is not subject to any regulation.

<sup>2</sup> Rolling spot forex contracts, which are also forward financial instruments, are open-ended foreign exchange contracts whose maturity may be tacitly deferred on a daily basis.

<sup>3</sup> A contract for difference (CFD) is a forward financial instrument that gives the investor the right to receive the difference between the price of the underlying asset on the date on which the contract is entered into and its price on the date of exercise.

(2) With these instruments, a small change in exchange rates can easily cause investors to lose their entire outlay; in some cases, they may lose much more than their initial outlay. As a result of the associated potential losses, particularly where significant leverage is used (up to 400 to 1), these products are aimed at experienced investors who are able to monitor their positions on a daily basis or even several times a day and have the financial resources to bear this type of risk.

For example, if an investor invests €100 at a leverage ratio of 400 to 1 and the underlying security loses 10%, the investor will owe the provider €4,000 plus any transaction fees and financing costs.

Generally speaking, investors should exercise extreme caution whenever an offer sets out a product's benefits without highlighting the associated risks: significant gains cannot be made without taking significant risks.

(3) Finally, the ACP and the AMF wish to draw investors' attention to offers of training or trading on virtual portfolios; such offers may misleadingly encourage members of the public to invest by suggesting that forex trading is easily accessible.

\*  
\*   \*

Find answers to your questions on this subject by visiting the following websites:

Assurance-Banque-Épargne Info Service: [www.abe-infoservice.fr](http://www.abe-infoservice.fr) or call +33 (0) 811 901 801\* between 8.00am and 6.00pm Monday to Friday.

AMF: <http://www.amf-france.org> or call +33 (0) 1 5345 6200\* between 9.00am and 5.00pm Monday to Friday.

ACP: <http://www.acp.banque-france.fr>

For more information about CFDs, see the list of questions and answers published on the AMF website on 14 May 2009: [list of questions and answers for private investors about CFDs](#). (in French)

For more information about rolling spot forex contracts, see the list of questions and answers published on 31 May 2011: [Q&A on foreign exchange trading](#).

\* For the price of a local call from a landline

#### About the ACP

Set up primarily as a result of the merger of the Commission bancaire (Banking Commission) and the Autorité de contrôle des assurances et des mutuelles (ACAM), the ACP, an independent administrative authority attached to the Bank of France, is responsible for authorising and supervising banks and insurers in the interests of their clients and maintaining the stability of the financial system.

#### About the AMF

The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected and investors are provided with adequate information as well as supervising the orderly operation of markets.