

LEGAL + REGULATORY

New French Anti-Corruption Law

The French government [is finalizing](#) Sapin II, a law designed to fight corruption, foster transparency, and modernize economic activity. Consisting of eight main articles, the law will require companies that have operations in France with over 500 employees and over €100 million in consolidated revenues to implement measures to prevent and detect corruption. RANE Expert Xavier Oustalnier, a Partner at StoneTurn Group, describes some important characteristics of the law.

Most importantly, the law creates a new independent national regulatory body, Agence Francaise Anti Corruption, (AFA).

- The AFA will be a 70-person agency that reports to both the Ministries of Finance and Justice with a director appointed to a six-year, non-renewable mandate.
- “The formation of the AFA is an important step for anti-corruption efforts in France. Preceding enforcement agencies were ineffective due to their lack of sufficient resources and personnel,” **Oustalnier** related.

An amendment to the law creates the possibility for a middle of the road arrangement to include “American style” settlement agreements and deferred prosecution agreements.

- Under this amendment, the French prosecutor will be able to enter a judicial agreement in the public interest before handing down an indictment. A judge would oversee the process and the company would have to pay some sort of penalty as a result, according to **Oustalnier**.

The latest version of the law does not provide government support for whistleblowers in case of retaliatory action against them.

- “The law outlines a hierarchical system to identify corruption and does not allow employees to go outside the chain of reporting. The idea behind this is to prevent ludicrous claims that are not based in fact. This is very much a win for French businesses,” **Oustalnier** stated.

Companies that are subject to this law will probably have to be compliant on day one of implementation, which is anticipated on 1 January 2017. Although large multinationals should already have controls established, many medium-sized companies do not.

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- “It would be foolish for enterprises to not start preparing for this ruling. The most logical place to start is a holistic gap analysis that takes inventory on the entity’s means to monitor the risks of corruption,” **Oustalnier** said.