

Chap 1 : What behind the concept of company?

Develop your critical thinking :

Question : Why can the decision of privatizing la « Française des Jeux » be controversial ? On what are the pro and cons of the decision?

(use framework to define a public company to develop your answer)

Article 1 : AFC (2019) “**France’s lottery company shifts to private hands**”, macaubusiness.com, <https://www.macaubusiness.com/frances-lottery-company-shifts-to-private-hands/>

French lottery monopoly Française des Jeux, state-owned since its creation nearly a century ago, will pass to private hands when millions of shares go on sale today.

Hoping to raise over a billion euros (\$1.1 billion), the French government will slash its stake in FDJ from 72 percent to about 20 percent, and hopes to put as many shares as possible in individuals’ hands.

“I hope this privatisation will be a popular success and that the largest possible number (of people) will participate,” Economy Minister Bruno Le Maire told the Journal du dimanche newspaper last month.

The FDJ holds a monopoly on lottery games, scratchcards and non-online sports betting. It is the second biggest betting company in Europe and fourth in the world.

The move to offload a rare money-making state enterprise has been criticised by opposition parties as tantamount to selling off “the family jewels”.

For the government, it is a win-win. In addition to raising a billion euros in cash, the state will benefit from a yearly public contribution of about 3.5 billion euros, and 380 million euros in payment due for the FDJ’s 25-year license.

The FDJ has 200,000 shares. Of the 28 percent not held by the state, 13.4 percent is owned by veterans organisations, and some by employees. The existing shares will see their nominal value divided by 955 ahead of listing, to increase their number to 191 million and make them cheaper. Shares will be on sale to all investors, big and small, from November 7 to 20 ahead of a public listing scheduled for November 21.

The price has yet to be determined, but FDJ chief executive officer Stéphane Pallez has said it would be “closer to dozens of euros than a hundred”.

France is one of few countries to enable such investment opportunities for individuals. Would-be investors in most other countries have to wait for the first day of public trading, competing for stocks with professionals.

Prime Minister Édouard Philippe’s government has vowed to privatise a number of entities, including the Groupe ADP airports company and energy company Engie, to feed a 10-billion euro fund to kickstart technological innovation.

The FDJ is the first to go, after parliament agreed.

Previous French governments, left and right, have sold stakes in state enterprises as they needed money — including France Telecom (which became Orange), electricity provider EDF, banks Paribas and Credit Lyonnais, national carrier Air France, petroleum giant Total, and carmaker Renault. [...]

– Public health concerns –

Last year, some 25 million clients spent almost 16 billion euros on bets — an increase of 4.4 percent year-on-year and of almost a third over four years.

The FDJ's predecessor, a national lottery, was born in 1933 to help soldiers wounded and disfigured in World War I and farmers going through tough times.

Critics have warned that a lesser state role in the company could leave gamblers vulnerable to corporate greed.

“To boost revenue, one must boost spending on bets,” said Jean-Michel Costes, secretary general of gaming watchdog Observatoire des Jeux.

“The profit motive and the need to protect betters from addiction are in direct competition” for FDJ, he warned.

by Katia DOLMADJIAN / Marie HEUCLIN

Article 2 : Daniel O'Boyle (2019) “**France to launch new regulatory body ahead of FDJ privatization**”, Igamingsbusiness.com, <https://igamingsbusiness.com/finance/france-to-launch-new-regulatory-body-ahead-of-fdj-privatisation/>

France has introduced new gambling regulations, including the creation of a new national gambling authority, L'autorité nationale des jeux (ANJ) to replace the current regulator, l'autorité nationale de régulation des jeux en ligne (ARJEL), ahead of the privatisation of lottery monopoly La Française des Jeux (FDJ). [...]

FDJ is currently owned and operated by the French government, but its [shares will be sold](#) to institutional and private investors in an initial public offering later this year. However, the Council of Ministers said the state will continue to hold a certain degree of influence over the company.

The council said the state would remain present in the company through a government commissioner present on the board alongside directors representing the state, with the power to “oppose the problematic decisions of the company,” by issuing a notice of approval of the State to the leaders, which may be withdrawn at any time if the state no longer approves of FDJ, and by having the power to block any capital increase of more than 10% of shares.