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17 May 2016

The Autorité des Marchés Financiers (AMF) publishes its 2015 annual report

On 17 May 2016, AMF Chairman Gérard Rameix presented the AMF's 2015 annual report to the media. He took the opportunity to highlight AMF efforts to prevent risk and make the French financial marketplace more competitive.

The challenges in 2016

Prevent risk

At a time when euro area yields are extremely low and key rates are expected to rise elsewhere in the world, risk prevention is one of regulators' top priorities in 2016. The AMF tackles the issue through its work with the Financial Stability Board and the International Organization of Securities Commissions. Domestically, the AMF verifies that management companies are using stress test models that accurately reflect the exceptional nature of current conditions. It also makes sure that market participants have the tools they need to handle substantial investor redemption requests should the need arise.

Make the French marketplace more competitive

The AMF has a role to play in cultivating the strengths of the Paris financial markets and encouraging investors to use their savings for long-term investment projects and financing companies. To this end, the AMF and the French Asset Management Association (AFG) have

created FROG, a working group intended to make French funds more attractive internationally. The group's first recommendation is expected this summer. The AMF has also geared up to support FinTech companies: in this context, a joint initiative with the Autorité de Contrôle Prudentiel et de Résolution (ACPR) is launched to facilitate authorisation and monitoring of these firms.

Encourage convergence in European supervision

Following the 2008 financial crisis, lawmakers set about reforming financial market rules to enhance stability and transparency. The AMF thinks it is important for these reforms to be implemented with a view to coherence and convergence. Europe needs to promote the emergence of a shared market supervision culture, with the help of the ESMA. This is one of the AMF's top priorities, and the regulator emphasised this when consulting with the European Commission in preparation for the Capital Markets Union in 2015.

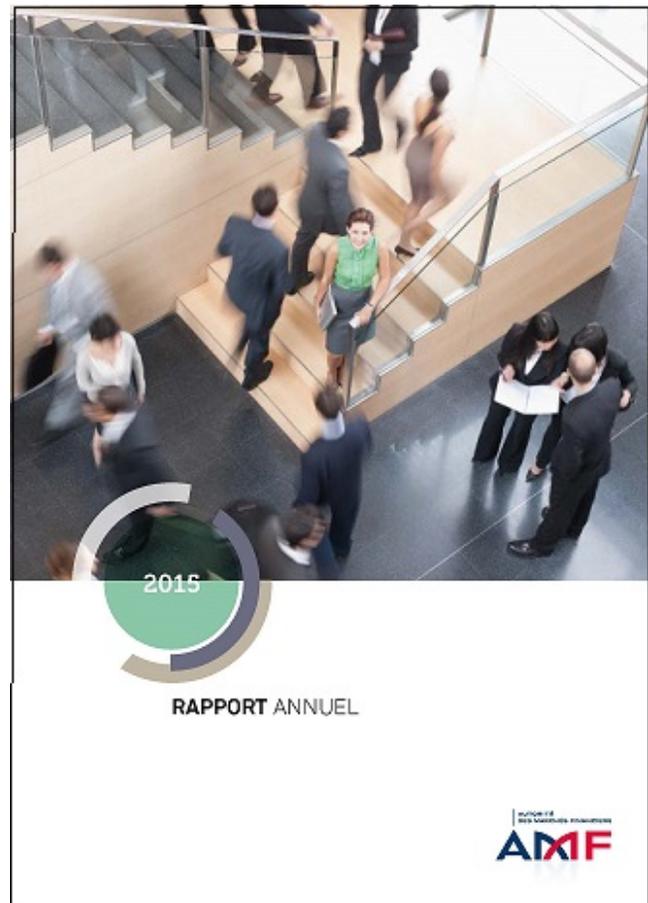
Exercise vigilance on behalf of investors

Lastly, the AMF is solidly on the side of investors with respect to the risks of misleading advertising, particularly on foreign exchange markets. The proposed Sapin II bill includes a provision outlawing online advertising for these kinds of highly risky products. The AMF hopes that this measure will help limit individual investors' exposure to such dangers.

Regulatory actions in 2015

Rebuild investor trust

In 2015, the AMF kept working hard to protect investors by monitoring high-risk investments and uncommon products, warning companies supplying investment services in France without authorisation, and for the first time conducting mystery shopping on



websites. In 2015, the AMF Investor Information Team (Epargne Info Service), which assists and informs individuals and professionals, handled 14,424 requests, 19% more than in 2014. Individual investors accounted for 75% of the requests. Moreover, 82% of the complaints had to do with sites promoting foreign exchange market or binary option investments.

In addition to the work at the European level to ensure investors have enough information to compare packaged investment products (PRIIPS) before they invest, the AMF is also dedicated to improving the information producers provide to investors. In this vein, it conducted an inventory of French management companies' current socially responsible investment practices. The AMF observed that investors do not always have enough information to understand what an SRI classification means when applied to investment products. In response, it has proposed topics for further discussion and adjusted its policy. More generally, the AMF has also started to look into the information that asset management companies post on social media sites. In autumn 2015 it launched a consultation on this topic and expects to publish its results in June.

Work to make European markets safe and transparent

To get ready for the entry into force of the new MiFID II package, the AMF collaborated with the Directorate General of the Treasury to transpose the revised directive into national law. The texts adopted by European lawmakers in 2014 specified that the transposition was to be finalised by 3 July 2016 for an entry into force on 3 January 2017. However, on 10 February the European Commission proposed postponing the initial application timeline by one year. The transposition work has given the opportunity to update French law. For example, it's the opportunity to distinguish between the status of management company and that of investment firm, enhancing clarity.

AMF staff also participated in the European Securities and Markets Authority (ESMA) working groups created to craft the implementing measures for the new financial markets framework. These technical efforts dealt with many of the provisions stemming from MiFID II. For example, the standards issued by the ESMA in September 2015 clarify the transparency requirements that apply to trading platforms and investment firms with respect to instruments other than equities (e.g. bonds and derivatives) by using criteria for determining these instruments' liquidity. The regulators also examined some of the provisions that apply to commodity derivatives markets, i.e. the criteria that make it possible to determine if a group's activities on commodity derivatives markets must be subject to authorisation (according to whether the activity is deemed principal or ancillary) and the methodology used to calculate the position limits imposed on participants.

Work to finance the economy

The AMF is a dedicated participant in European debates, and last year continued to contribute its ideas to the discussion. For example, it initiated reviews of most aspects of the action plan the European Commission issued on the topic of Capital Markets Union, including the proposed regulation on "simple, transparent and standardised" securitisation and the proposed regulation on the revised Prospectus.

The AMF also pursued its goal of helping to finance the economy at the national level. When the European regulation on long-term investment funds took effect in France, the AMF took the opportunity to conduct a public consultation on the conditions under which professional funds could lend directly to companies. The 2015 amending budget Act created this option for three types of professional funds (private equity funds, specialised professional funds and securitisation vehicles) under conditions to be specified by decree. The new conditions need to be specified. The AMF will also supplement its policy.

Supervision, investigation, inspections and sanctions

In 2015 the AMF's departments completed 33 inspections of regulated professionals and finalised 75 investigations, of which 48 involved assisting foreign authorities. The Enforcement Committee issued 22 decisions. It issued 65 fines totalling €21.325 million against 28 legal entities and 37 natural persons. It also issued four disciplinary sanctions against three natural persons and one legal entity. In addition, the Enforcement Committee approved 12 settlement agreements, an alternative to sanction proceedings.

AMF financial resources

In financial year 2015, the AMF generated a net loss of €13.57 million, following a loss of €0.19 million in 2014. The deterioration was chiefly attributable to a cap on receipts allocated to the AMF budget in the 2015 Budget Act. The cap translated into an exceptional contribution to the State's general government budget of €24.14 million.

About the AMF

The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected, providing investors with adequate information and supervising the orderly operation of markets. Visit our website www.amf-france.org.

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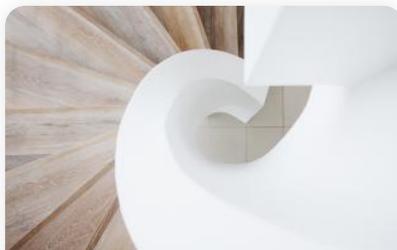


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