

PRIORITIES



2022

Summary

2022 priorities for action

Europe

In the context of the French presidency of the Council of the European Union in the first half of 2022

- Enhance the transparency and integration of European capital markets
- Support the key role of asset management in financing the economy, while ensuring investor protection
- Prepare implementation of the European digital finance framework
- Contribute to European supervisory convergence

Retail investment

- Work for a protective national and European framework for retail investors
- Facilitate retail investors' participation in capital markets and assist new investors
- Mobilise all stakeholders for the prevention of scams and bad marketing practices

Sustainable finance

- Support issuers in implementation of the European taxonomy and contribute to the development of corporate sustainability reporting standards
- Ensure the effectiveness and credibility of the financial market transition and support marketplace efforts to fund the transition to a carbon-neutral economy
- Promote the development of appropriate labels and standards

Modernisation of the AMF's action

- Pass further milestones in the transformation of AMF's communications with Paris financial market participants
- Generalise data processing to serve all the functional units
- Overhaul the work organisation at AMF against the backdrop of the renovation of its offices and the expansion of teleworking

REVIEW OF 2021

□ Annual priorities for deploying the #Supervision2022 strategic plan

At the beginning of 2018, the AMF published its five-year vision, #Supervision2022, setting a new course on how to fulfil its remit until the end of 2022, based on four strategic guidelines:



THE STRATEGIC GUIDELINES OF THE #SUPERVISION2022 PLAN

1. Committing to a strong, integrated and internationally competitive EU27
2. Developing supervision and our means of intervention
3. Supporting stakeholders, fostering innovation and contributing to the financing of the economy through an attractive financial centre and markets
4. Transforming towards a modernised, more open and agile AMF

This medium-term vision is broken down each year into priorities that reflect the progress made to date and changes in the institutional, economic and financial environment. The publication of these priorities and the annual supervisory priorities highlighting issues in the monitoring and supervision of regulated firms is designed to make the AMF's action more easily understandable for its various stakeholders.

□ Some key features of the 2021 priorities

Although the prospects of an exit from the crisis have improved two years on from the start of the Covid-19 pandemic, as illustrated by the key features of 2021, the AMF remains vigilant and prepared to adapt its priorities.

► The exceptional contribution of financial markets to the economic recovery

The French stock market was a key driver of the economic recovery process in 2021, by contributing significantly to the strengthening of companies' equity capital. This strengthening is essential to consolidate capital structures following the massive use of debt in the crisis period and is crucial for committing to long-term investments, especially those related to the ecological transition.

Around fifteen billion euros in equity capital was raised in 2021 by companies that were already listed, but also by the forty or so companies that made initial public offerings, i.e. nearly twice the average number in previous years. The AMF thus handled a large number of financial operations, always paying close attention to the quality of the submissions and to compliance with the timelines requested by the issuers.¹ This resurgence of initial public offerings is an encouraging sign, and meant that the number of companies listed on regulated markets in France increased in 2021, whereas it had been decreasing regularly in the past few years.

Lastly, the AMF showed that the regulatory environment allowed innovative structures such as SPACs (*Special Purpose Acquisition Companies*) to be used in France, while still ensuring investor protection: several planned SPACs were approved by the AMF in 2021. In July 2021 the AMF published a study on the opportunities and risks of this listing technique. In the review of planned SPACs, the AMF checks the conditions for ensuring satisfactory conflict of interest management.

► Confirmation of renewed retail investor interest in stock market products

The appetite of retail investors forms part of the new market environment that has been in place since the peak in activity in the spring of 2020, even though certain factors related to the health crisis have partly faded, such as working from home, which is less extensive, and equity valuations which have returned to higher levels. Each quarter, about 2.5 million retail investors carry out at least one transaction in securities for which the AMF performs supervision, versus one million previously. The AMF is watching this trend closely by processing the

¹ The report by the Paris Europlace association entitled "Émetteurs – Le choix de la Place de Paris" (Paris financial centre as issuers' choice), published in June 2021, stresses the "efficiency of the regulator in the support and services that it offers for issuers, particularly regarding compliance with the timeline" (p. 10)

regulatory data, based on which it has published several studies and, since the start of 2021, established a quarterly trend chart of French retail investors active in the stock market.

Faced with what would appear to be a structural trend, the AMF has stepped up its education activity concerning the new marketing offers and practices, especially targeting new investors, whose average age is younger: organisation of dedicated webinars, a new edition of the MOOC on savings (in partnership with the Institut National de la Consommation), a new version of the FinQuiz mobile app, sponsorship of a stock market contest for students, etc. The AMF has also raised its profile on the internet, where the “retail investors” area saw its number of visitors increase by about 50% from 2020 to 2021, and on social media, which play an increasingly important role in investors' decisions. Lastly, the AMF replies to an ever-increasing stream of requests on the “Épargne Info Service” platform, which grew by around 10% in 2021 compared with the historic level reached in 2020.

► **Deployment of all the AMF's levers of action to develop sustainable finance**

In 2021, the foundations of the European regulatory framework were consolidated so that it may be fully operational in the coming years, although the entry into force of certain technical standards was delayed. The AMF contributed actively to several technical standards through its participation in the work of the European supervisors, such as the Delegated Regulation on Article 8 of the Taxonomy Regulation and the delegated acts on sustainability preferences, fiduciary obligations and product governance regarding sustainability. The European Commission also defined a new strategy for sustainable finance and launched the project for the corporate sustainability reporting framework with the CSRD directive.

The application of this new framework is the main challenge facing supervisors and professionals, in an environment in which market practices are changing and the rapid expansion of sustainable finance is confirmed. Accordingly, the AMF's supervisory action is becoming more intensive, notably to prevent the risk of greenwashing. The AMF continued its reviews of companies' non-financial information statements, paying special attention to climate issues. The objective is also to encourage companies to continue their efforts: for example, a report was published in mid-December 2021 to illustrate good practices. In its second joint report with the Autorité de Contrôle Prudentiel et de Résolution (ACPR), in 2021 the AMF examined the policies of asset management companies with regard to fossil energies, and assessed the implementation of the recommendations of the first 2020 report concerning thermal coal.

Lastly, the transition to sustainable finance depends on increased expertise of the entire financial ecosystem and the assimilation by retail investors of the key concepts. In consultation with the Financial Skills Certification Board, the AMF has therefore adopted a new module for verification of professionals' knowledge of sustainable finance. The first training organisations, which the AMF certified in October 2021, are set to hold the first examinations in early 2022. The AMF has also upgraded its educational contents for retail investors and carried out two retail investor surveys in 2021.²

► **Improved control over processing times for AMF enforcement**

Reducing these processing times is an important objective of the AMF enforcement function, which must remain dissuasive. However, several structural factors contribute to the lengthening of procedures, particularly in the investigation phase: the complexity of the cases, the need for international cooperation on most cases, and numerous appeals and procedural issues. The health crisis had an impact in 2020 and the lockdowns caused postponements, partly to take the market participants' situation into consideration. The AMF therefore stepped up its efforts in 2021. Processes were speeded up for the simplest cases; the duration of the investigation phase was shortened to achieve the objective of 10 months between the Board's statement of objections and the report by the Enforcement Committee's rapporteur. Efforts are continuing with regard to investigation, in line with the 2021 priorities to improve the efficiency of the procedures and the synergies between teams.

² “The French and socially responsible investments”, OpinionWay survey for the AMF, July 2021 and “The clarity of information on responsible investments”, CSA study for the AMF, July 2021.

2022 PRIORITIES FOR ACTION

EUROPE

On 1 January 2022, France will take over the presidency of the Council of the European Union for six months, after its last presidency in 2008. The AMF will provide its technical support to the Ministry for the Economy, Finance and Economic Recovery which will preside over the Council for Economic and Financial Affairs, in charge of financial market regulation. In this area, more than ten texts are expected on the European legislative agenda for the first half of 2022, at various stages of negotiation.

□ Enhance the transparency and integration of European capital markets

One year after the announcement of its new action plan for a “capital markets union serving the needs of European citizens and businesses”, at the end of November 2021 the European Commission enacted a set of measures, including two legislative proposals designed to provide investors with better access to company data and to trading data on financial markets.

The Commission plans for the European Securities and Markets Authority (ESMA) to establish by 2024 a European single access point (ESAP) bringing together, for the public and for investors, the regulated information of businesses and market participants, covering both financial data and data related to sustainable finance. The AMF fully supports this essential initiative for access to European capital markets.

Moreover, it must be recognised that MiFID II (the Markets in Financial Instruments Directive) introduced in 2014 has not completely achieved its transparency objectives, particularly for equity markets. The AMF therefore supports the proposed revision of MiFIR, enabling investors to access post-trade information on equities, bonds and derivatives practically in real time, via a “consolidated tape”. The proposal also aims to strengthen the pre-trade transparency obligations applicable to investment banks that have the systematic internaliser status and to better calibrate the provisions regarding deferred publication of bond trading data.

□ Support the key role of asset management in financing of the economy, while ensuring investor protection

Like all market segments, investment funds underwent a genuine stress test with the Covid-19 crisis in March 2020, which the sector swiftly overcame. After showing resilience to exceptional redemptions, the sector saw a resumption of growth in its assets under management, also boosted by sustained fund inflows.

The issue of liquidity risk management was a focus of post-crisis thinking at European and international levels. In the case of open-ended funds, the AMF supports the European Commission's proposal, during revision of the AIFM Directive (on alternative investment fund management), to harmonise the provision and use of liquidity management tools, whether in alternative investment funds or UCITS. In the case of money market funds, which play a major role in short-term financing of the economy, particularly in France, the AMF supports targeted reforms of the European framework and, for this purpose, relies on in-depth analyses of the behaviour of money market funds during the crisis.

Moreover, the draft revision of the AIFM Directive proposed by the Commission in November 2021 should be able to ensure improved circulation of information and better coordination between European supervisors, and clarify the rules relating to delegated investment management. These measures contribute to improved investor protection. Retail investors' access to long-term investments in satisfactory conditions is an essential requirement to ensure the EU's economic development; so the revision of the framework for European Long-Term Investment Funds (ELTIFs) is a unique opportunity to develop a high-quality European investment vehicle on this collective investment management segment.

□ Prepare implementation of the European digital finance framework

The constant growth in crypto-asset markets and the specific risks that these raise regarding investor protection underline the urgency of regulation defined on the appropriate level, i.e. on the European level, to replace the existing national frameworks. The swift adoption of the MiCA Regulation (markets in crypto-assets), based on the digital package of September 2020, is therefore essential to regulate crypto-assets, which are not financial instruments, and it is necessary to prepare the application standards and guidelines without waiting. The AMF will have to prepare the transition from the national framework in place since the PACTE Law of 2019, after registering about thirty digital asset service providers by the end of 2021.

The adoption of the regulation establishing a pilot regime for market infrastructures based on the blockchain technology is no less crucial, since it will open up new prospects for European financial markets thanks to a six-year experimental period. This is an issue of competitiveness for the European Union, since similar approaches in other regions are endeavouring to take advantage of the benefits of the blockchain. In 2022, the AMF will conduct research for the adaptation of national securities legislation to the pilot regime.

□ Contribute to European supervisory convergence

The harmonisation of European supervision is, together with the establishment of a single body of regulations, an essential factor for construction of the Capital Markets Union. For this purpose, ESMA has performed a lot of work with national authorities since 2019, such as joint supervisory actions and peer reviews. For the latter, an authority can contribute as an assessor and/or be assessed.

The AMF contributes actively to these European exercises, which are becoming an increasingly large part of its supervision agenda, as attested by the AMF's annual priorities for supervision. However, these convergence efforts have their limits. As [stated in July 2021](#), the AMF is in favour of giving more powers of supervision to ESMA over certain entities and activities (the most significant, with a major cross-border aspect) and strengthening its governance. The AMF also calls for an improvement in the European regulatory process.

Assist the marketplace in implementing the European regulations

The AMF assists market participants in implementing European regulations, whether it be a European law enacted by the European Parliament and the Council (level 1), technical standards adopted by the European Commission in the form of delegated acts or implementing acts (level 2), or guidelines and recommendations (guidelines, questions & answers) defined by the national supervisors at the level of ESMA (level 3). The AMF may therefore be led to propose legislative and regulatory adaptations and upgrade its General Regulation or its policy.

In 2022, both the marketplace and the AMF will work to prepare the entry into force of the following texts:

	Level 1	Levels 2 and 3
Issuers	<ul style="list-style-type: none"> Taxonomy Regulation 	<ul style="list-style-type: none"> Article 8 Taxonomy: technical standards and guidelines*
Asset management companies and service providers	<ul style="list-style-type: none"> Taxonomy Regulation SFDR MiFID II Recovery Package Crowdfunding Regulation 	<ul style="list-style-type: none"> Article 8 Taxonomy: technical standards and guidelines* Crowdfunding technical standards and questions & answers* MiFID II technical standards relating to the inclusion of sustainability factors, and guidelines* MiFID II Recovery Package technical standards
Infrastructure		<ul style="list-style-type: none"> Technical standards relating to CSDR settlement discipline Technical standards* and guidelines* on CCP restoration and resolution

* Texts which have not yet been enacted (level 2) or published (level 3).

RETAIL INVESTMENT

□ Work for a protective national and European framework for retail investors

The renewed interest of retail investors in financial markets is not a phenomenon specific to France. It comes within the context of changing methods of promotion and intermediation of financial activities in Europe, which poses new challenges for the investor protection framework. For example, the brokerage business, in which digitalisation is already well advanced, whether it be via online banks or via the digital paths of conventional banks, has seen the emergence of a new category of market participants, the neo-brokers, whose product offering aims to stand out due to its prices and digital functionalities.

In particular, the provision of financial services in France takes place increasingly from other European Union countries under the regime of the free provision of services or the “European passport”. However, the lack of a single European supervision model is currently resulting in situations of regulatory arbitrage between Member States. The AMF therefore calls for improvements in the passport framework on the occasion of the MiFID II review. The aim is to facilitate coordination between the authorities of the home country – the business's country – and host country – the client's country – when the business infringes the rules of the host jurisdiction under cover of the passport.

Furthermore, the AMF supports the European Commission's proposal, in the draft MiFIR revision of November 2021, of stopping the practice of payment for order flow, in which market makers pay brokers to obtain their clients' order flow.

Lastly, in 2022 the AMF will support the establishment of the new European crowdfunding framework. The AMF will also make proposals for the national regulatory framework surrounding the end-of-life of private equity funds.

□ Facilitate retail investors' participation in capital markets and assist new investors

In 2022, the European Commission will propose a new strategy for investment by retail investors. The objective is to increase their participation in capital markets, which, despite the recent revival of interest in the stock market, remains low in Europe relative to the high savings rates. The AMF made several proposals to support this strategy in its position paper published in October 2021.

Regarding this, the AMF recalls the importance of retail investors' access to good-quality advice, when it could be weakened by a strict approach to the various distribution models existing in Europe. The advisers' expertise could also be strengthened on the European level, by developing a joint framework for professional certification. This is a major challenge at a time when new investors often operate without professional advice, sometimes based on discussions on social media.

That is why the AMF will endeavour to support investors with new educational initiatives, having an approach adapted to new investors on the one hand, and more experienced investors on the other hand. A specific study will be carried out in 2022 to gain a better knowledge of new investors.

□ Mobilise all stakeholders for the prevention of scams and bad marketing practices

The prevention of scams and bad marketing practices requires the mobilisation of all stakeholders at several levels. The AMF plans to mobilise more professionals, to step up the combat against scams and prevent them better. Moreover, with the ACPR, the AMF will again urge professionals to strengthen their vigilance in the marketing of financial products to vulnerable elderly people.

The first level of protection is that developed by investors themselves thanks to improved education in finance and digital technology and better knowledge of the protection tools. In addition to educational contents, the AMF will roll out a new version of the [AMF Protect Epargne](#) platform. Lastly, the AMF will upgrade its watch system, to better monitor the social media and influencers which play an increasing role in investors' decisions, and thus prevent bad practices.

SUSTAINABLE FINANCE

□ Assist issuers in implementation of the European taxonomy and contribute to the development of corporate sustainability reporting standards

The Taxonomy Regulation is a key part of the European framework for sustainable finance, establishing a common classification system which makes it possible to define economic activities that are considered sustainable, on the basis of scientific criteria. Pursuant to Article 8 of the Regulation, from 1 January 2022 companies must publish sustainability indicators based on taxonomy, which must be included in the non-financial information statements (NFIS). The first reporting will be in a simplified format, only covering the eligibility of businesses' activities for the taxonomy, which will be gradually strengthened with the 2023 publication of data concerning their alignment with the defined technical criteria. The AMF is keen to assist issuers in this exercise of transparency, which may prove complex. In 2022, based on the NFIS review, the AMF will publish the first findings of this novel exercise.

More generally, it is the entire corporate transparency framework that is going to change with the draft directive on sustainability reporting (*Corporate Sustainability Reporting Directive – CSRD*), proposed by the European Commission in April 2021. The CSRD lays the foundations for European standardisation of non-financial reporting, which consecrates the principle of double materiality and aims to provide relevant information for investors but also for all corporate stakeholders. The principle of double materiality consists, for a business, of reporting both on the influence of sustainability factors on its financial performance and on the impacts of its activities on society and the environment. The standardisation work is already in progress at the level of the European Financial Reporting Advisory Group (EFRAG). The AMF will contribute to the various European works and continue to inform and prepare the marketplace for the entry into force of the CSRD. As a member of the International Organization of Securities Commissions (IOSCO), the AMF will support IOSCO's efforts in favour of the international convergence of sustainability reporting standards, in relation with the work carried out by the IFRS Foundation.

□ Ensure the effectiveness and credibility of the financial market transition and support marketplace efforts to fund the transition to a carbon-neutral economy

The transparency obligations of financial intermediaries constitute a first level of protection against the risk of greenwashing, which the European regulations have strengthened considerably: several provisions of the Sustainable Finance Disclosure Regulation (SFDR) apply to the financial sector since March 2021 (they will be clarified by implementing regulations coming into force on 1 January 2023), and the Taxonomy Regulation also requires that financial companies publish sustainability indicators.

In addition to this first level of protection, there are obligations to take into account sustainability criteria in investment advisory services, whether at the level of the client path, governance or the product offering. These obligations, introduced in 2021 by delegated acts amending MiFID II, will come into force in 2022.

Apart from the regulatory provisions to which marketplace participants such as the AMF devote substantial efforts, the AMF's action also aims to support the marketplace's thinking and commitments in favour of the sustainability transition in particular, in response to the climate emergency.

In 2021, for example, the AMF's Climate and Sustainable Finance Commission published the initial conclusions of its work on corporate carbon neutrality, which it will continue in 2022 by studying the contribution of voluntary markets for carbon offsetting funds. Lastly, in 2022 the ACPR and AMF will investigate, in a third joint report devoted to the Paris financial centre's commitments linked to climate issues, the progress made by financial actors in the definition of sector policies applicable to fossil energies. The Authorities will pay particular attention to how financial actors monitor their exposure to such energies, by studying the methodologies, definitions and data used.

□ Promote the development of appropriate labels and standards

The rapid expansion of sustainable finance is now inseparable from the development of labels and standards, which play a growing role in directing funding towards sustainable activities and investments. It is therefore

essential to provide greater clarity, transparency and coherence for sustainable finance markets associated with labels and standards on financial products.

From this perspective, the AMF supports the proposed European Commission Regulation of July 2021 establishing a voluntary standard on “European green bonds”, based notably on taxonomy. The AMF will also take part in thinking to define, on the European level, standards concerning new types of sustainability bonds such as “transition bonds” or “sustainability-linked bonds” (based on sustainability KPIs). Other work is planned, e.g. to propose an ESG (Environmental, Social and Governance) label for benchmark indices.

Lastly, as the AMF did in its guidance of March 2020 which establishes minimum standards for funds stressing ESG characteristics for retail clients, work should be undertaken at European level to introduce minimum sustainability criteria for financial products which come under Articles 8 (products promoting environmental or social characteristics) and 9 (products having sustainable investment as their objective) of the SFDR.

MODERNISATION OF THE AMF'S ACTION

For the fifth and last year of its #Supervision2022 strategic plan, the AMF remains committed to rapid, in-depth changes in its action and work methods, in addition to the progress made year after year. These changes, which combine numerous aspects (tools, procedures, organisation, management, work environment, etc.), are based on a strong digital ambition and the constant will to adapt to the needs of retail investors and professionals. Regarding this, and to better understand the expectations of the professionals and its stakeholders, in 2022 the AMF will carry out an image and satisfaction study.

❑ **Pass further milestones in the transformation of AMF's communication with Paris financial market participants**

The AMF has launched a major programme to overhaul the information system used for the activities of authorisation and monitoring of regulated entities and products. The purpose of this programme – digitalising and centralising data and communications between the AMF and the marketplace – contributes to a new approach to supervision, based more on the analysis of data and risks, and refocused, in everyday follow-up, on the most important issues. The programme goes hand-in-hand with a simplification of authorisation procedures.

The new system entitled ROSA has already been operational since the start of 2021 for communications with asset management companies. In 2022 it will be extended to investment service providers and crowdfunding service providers and will incorporate the products of these organisations, including the 12,000 French investment funds.

The digitalisation of communications with the marketplace is also taking place on the level of the enforcement function, with the start-up in 2022 of a new platform dedicated to investigations and inspections and open to the persons in question, and with the initiation of research for the dematerialisation of disciplinary proceedings. Lastly, the AMF will work on revision of the compendium of legal decisions for sanctions and on the creation of new instruments to present changes in the legal decisions handed down on precise issues.

❑ **Generalise data processing to serve all the functional units**

After thinking about changes in its organisation, at the end of 2020 the AMF created a new Data and Surveillance Directorate. Its mission is to assist, on a cross-functional basis, all the AMF's functional units in making more intensive use of data, supported by the ICY surveillance platform, which employs big data processing and artificial intelligence technologies. ICY serves as a base for a new platform made available to the AMF personnel to explore and analyse data and perform automated processing, for example.

The work conducted in 2021 made it possible to draw up a programme for several years, entitled “ICData”, which links, within a dedicated governance system, the strategies of the functional units, data supply needs, technological

change, the links between information systems and a major aspect of in-house training and change management. Covering various functional-unit needs, the projects expected in 2022 will, for example, be able to facilitate the supervision of money market funds, monitor changes in investors' demands on the “AMF Épargne Info Service” platform, automate quality control of EMIR reporting data (transactions on derivative products), or explore issuers' reporting data. The AMF will also initiate the first open data projects (opening of data to the public).

□ Overhaul the work organisation at AMF against the backdrop of the renovation of its offices and the expansion of teleworking

Like for many organisations, the generalisation of teleworking has become imperative at the AMF as a result of health constraints and in the particular conditions dictated by the lockdowns. From the first days of the crisis, the AMF was able to ensure perfect continuity of service, because it could rely on the mobilisation of its personnel and on the roll-out, as of 2019, of the IT tools necessary for teleworking.

Taking into account the collective capacity for teleworking and changes in the world of work, at the end of 2021 the AMF adopted a new company agreement consecrating the permanent role of teleworking in the organisation. This agreement reflects a good balance in terms of flexibility for personnel and in terms of maintaining social relations and internal cohesion.

It forms part of broader research on the work environment, at a time when the AMF is preparing to renovate its offices over the period 2022-2023 to occupy a smaller floor space which will enable it to cut costs. All the personnel is mobilised to carry out this project.