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Speech by Gérard Rameix, Chairman of the AMF
AMF Annual Conference - 16 November 2015
Pavillon Cambon

Ladies and Gentlemen,

Welcome to this year's AMF Annual Conference. We wanted to do things slightly differently this year by shortening proceedings with one round table rather than two. For a while, we thought it would be quite hard, with just one panel of experts, to find a theme that would cover all our event objectives each year: finding a hot topic with international issues of interest to all our stakeholders, from asset managers and market participants to businesses looking for funding.

In the end, our theme "The New Risks of Globalised Finance" seemed an obvious choice, given that eight years after it began, we still don't feel like the subprime crisis is really over.

At first glance, we have several reasons to be optimistic. The Paris marketplace is doing rather well, with the CAC 40 close to 5,000 points, some 30 IPOs taking place on Euronext and Alternext since the beginning of the year (including Amundi, the biggest listing in years), the bond market still heading in the right direction and asset management recovering strongly last year to reach gross assets under management of €3,301 billion.
As for the market operator Euronext, it has performed extremely well since becoming independent.
The banks are undoubtedly more solid than they were eight years ago, and they have access to vast sums of cash supplied by the ECB at very low interest rates.

So why are plenty of observers so worried? Why in particular are the markets so nervous and has there been a fairly brutal return to volatility? Are they worried by weak global growth forecasts? Or perhaps by the uncertainty surrounding a rise in the key US interest rates in December? What should we fear the most? Is it that these accommodative monetary policies simply can't be sustained in the long term, or is it that interest rates might rise suddenly or unexpectedly, causing liquidity to dry up on markets like the bond market which are most sensitive to such changes? The only thing that's certain is that everything is uncertain, including the conditions that determine the price of financial assets and certain real assets. Although monetary policy has undoubtedly spared us from the worst, it may end up weakening European financial institutions at a time when they must face up to major changes in their funding model.

We may not have a crystal ball, but we have managed to assemble for you this evening a prestigious panel of specialists to debate these issues and more. As central bankers, regulators, international experts and investors, they are well placed to shed more light on the situation for us. Benoît de Juvigny will introduce them in more detail, but I would like to take this opportunity to thank them very much for being here. I would also like to thank Jean-Claude Trichet, who has very kindly agreed to conclude proceedings this evening. I am sure that a man of

his immense experience will be able to guide us as we look at how to manage the risks that are worrying the markets.
As you are aware, and as I'm sure you encounter in your jobs on a daily basis, these are tough times for the global economy, and that's without mentioning the geopolitical risks on which I am not really qualified to comment. I am utterly convinced, however, that France will improve both its situation and its morale if it takes clear responsibility for its choices. This evening is a chance for us to speak clearly, and I can't resist asking you this thought-provoking question: Can capitalism exist without capital? Can it survive in the post-crisis world?

I guess what I'm asking is whether we can unreservedly opt for a market economy with no real concern for the successful functioning of the securities market or the allocation of savings? Can we be sure that the market will fulfil its primary role of channelling savings towards the financing of long-term requirements?

Clearly we can't. And yet this is what we've being doing for years in France, where the mistrust of finance is just as widespread among politicians as among the general public.

We might look back fondly at social capitalism, which was based on a strong regional banking system with close ties to business and therefore left little room for the financial market. Some people see that model as being wholly virtuous, but they forget that it simply isn't an option anymore. The crisis and the resulting prudential reforms leave us with no choice other than to turn increasingly to capital market financing.

Should we just idly stand by when the number of individual shareholders in France falls year after year? As a regulator, I'm not going to stand here and tell you that there's no point trying to educate the general public. In fact, it's absolutely necessary to make individual savers confident once more, and we're working on it every day by monitoring the markets and their actors as effectively as possible.
But we need to go further and rethink our policy to ensure that savings and investments actually contribute to the financing of the real economy. We have to admit that, both in our words and in the incentives we offer to retail investors, it's an understatement to say that we encourage risk-taking just as much as the long-term financing of the economy.

It's true that there have been a few interesting initiatives of late, such as increasing the limit on the PEA share savings plan to €150,000, introducing a PEA dedicated to the financing of SMEs, and creating euro-growth life insurance policies. But will that be enough when businesses, anticipating a return to growth, have greater recourse to the market in order to finance their investments? Hardly.

Away from our savings allocation policy, we also need to have a constructive conversation about the stock market environment. The primary role of the financial markets is to finance the economy and ensure that innovative projects take shape. They help to create value and jobs. To use a somewhat topical metaphor in light of the 21st United Nations conference on climate change here in Paris, we must preserve the diversity of our stock market biotope. This requires us to be wary of certain initiatives such as the financial transaction tax, however laudable the intentions behind them. I think it's fanciful to expect to raise significant resources from a tax that will be confined to just 11 countries. The tax base for financial transactions can easily be broadened. I just worry that such a decision would be damaging not only to the economic activity of the Paris marketplace but also to the politicians, who would risk disappointing those who believed in the promise of a new source of money. I believe that an FTT can work only on a much larger international scale than the 11 participating EU countries, which of course don't even include the most active marketplace of all.

Those are the things I wanted to share with you today. I'll now leave you in the capable hands of Benoît de Juvigny and our guests, whom I thank once again for being here at such a difficult time.