

AMF 2015 INTERNATIONAL FALL SEMINAR

“Carrying out efficient market oversight: tools and challenges”

Paris, 16, 17 and 18 November 2015

Address by Benoît de Juvigny, AMF Secretary General

Paris, 18 November 2015

Ladies and Gentlemen,

I had the opportunity to meet and speak with several of you these past few days but let me stress again what a real pleasure it is to see that so many of you came from around the world to attend this year’s annual international seminar, and I would like to sincerely thank you for that.

Because globalisation is a given feature of the financial sector, cooperation between national securities regulators is of utmost importance for an efficient oversight of increasingly interconnected markets and market players. For the AMF, events such as this one aim to serve this purpose. They enable us to forge longstanding relationships that strengthen our understanding of each other and of how we conduct oversight of financial markets and market participants.

It also gives me great pleasure to be delivering the closing remarks of this year’s annual international seminar, and I would like to use this opportunity to share with you some of the AMF’s priorities in light of the European agenda.

Since the financial crisis, major international and regional reforms have been carried out, which the AMF has strongly supported, to ensure that financial markets are better regulated and more transparent. The impacts of these reforms will undoubtedly be considerable, not just for those who operate in the financial sector but also on investors and economic agents more generally.

At the same time, not everything is yet fully in place and we, as securities regulators, should encourage further convergence of rules and of their implementation in order to ensure fair and efficient markets as well as a level playing field for a sound competition between market participants.

We must continue to seek to achieve a regulatory environment that is favourable to the development of business opportunities and innovation, as well as to cross border relations, for the benefit of the financing of our economies, but without losing our primary objective, which is to protect investors and to ensure fair, sound and efficient markets.

With this in mind, important work was done at the European level to implement the international reforms, and a single market in financial services in Europe has been taking shape. Beyond rule making, special care must now be paid to the importance of a consistent interpretation and application of the rules across the European Union, as the objective was and remains to ensure a level playing field for market participants in Europe, conducive to the development of a dynamic, coherent and competitive single market.

The European Securities and Markets Authority (ESMA) has a key role to play in achieving greater convergence in supervisory culture across the European Union and, to this end, it is developing a specific program for supervisory convergence.

Now that most reforms have been enacted, the priority for Europe is to ensure that financial markets are capable of financing the real economy. In this regard, the AMF welcomes the “Capital Markets Union” initiative launched by the European Commission and which was presented during this seminar by **Niall Bohan** from the European Commission. The Commission’s plan is designed to improve access to funding for businesses and infrastructure projects, help SMEs raise



funds, improve the flow of capital within Europe, diversify the financing of the economy and reduce the cost of capital.

The AMF welcomes the Commission's initiative and has called for a pragmatic approach to benefit investors and businesses without interfering with the need for healthy competition between financial centers. The existence of domestic markets, whether specialized or local, as well as the recognition that capital markets complement traditional bank financing, enable genuinely diversified funding sources. In particular, regarding short term priorities of the "Capital Markets Union", the AMF is actively contributing to ongoing discussions on the review of the Prospective Directive and on a framework for simple, transparent and standardised securitisation transactions.

A listing or public offer prospectus is a vital document that is designed to inform investors when listed companies or companies that intend to be listed issue or sell securities. Although reforms have been made in the past, the current review of the Prospectus Directive must aim at simplifying the present regime and, in particular, consider such issues as size, cost and lack of clarity of the prospectus, the fact that the prospectus repeats information available elsewhere, the inadequate



protection afforded to retail investors because the prospectus summary is way too long, the under-used proportionality regime for SMEs, and differing practices among national authorities in reviewing prospectuses.

Reviving sound securitisation in Europe by developing criteria for simple, transparent and standardized securitisation could help provide financing to numerous businesses, whether directly or indirectly by freeing up bank balance sheets to provide new lending capacity. The AMF has called on the establishment of a framework that guarantees the quality of the securitisation vehicle as well as an appropriate mechanism with respect to the certification of the simple, transparent and standardised criteria of securitisation transactions. This is necessary in order to offer a level of security regarding the structure and transparency of the transaction and to mitigate the risks of conflicts of interest.

A Capital Markets Union must also ensure market transparency and liquidity and to do so, the establishment of a consolidated market database on financial transactions (a consolidated tape) is essential to us. We hope that this tool will be a reality without waiting for MIFID 3.

Needless to say that restoring investor confidence is also crucial in order to steer savings towards long-term projects and the funding of businesses. So, not only must we ensure that the reforms aimed at mitigating systemic risk are completed, and I have in mind the reform of money market funds, but we must also ensure that investors, in particular retail investors, are given proper protection as well access to diversified investment products and quality of advice.

Finally, regulatory developments also need to address the issues and challenges that arise from cross-border distribution of financial products and from the new trends in distribution brought about by technological developments.