

AMF 2015 INTERNATIONAL FALL SEMINAR

“Carrying out efficient market oversight: tools and challenges”

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Ladies and Gentlemen,

It is my great pleasure to welcome you to this year’s edition of the AMF annual seminar for securities markets regulators.

Today and tomorrow, my colleagues will provide you with an overview of the methods and tools that are used for market oversight, from risk identification, supervision of markets, products and activities, through to investigations and international cooperation.

I truly hope this seminar will be an opportunity to generate exchanges of views and of experiences and that, as participants, you will contribute to the quality of our discussions by sharing some of your own experiences, as well as some of the challenges you commonly face as securities regulators.

The first point I wish to make is that – unsurprisingly – our

financial regulatory framework is largely set at European Union level. Although the vast programme of reforms decided by the G20 in the aftermath of the financial crisis is substantially complete, during this period the European Union underwent a phase of intense reform that was required in order to make the financial system safer.

The associated legislative actions have not only reshaped the institutional and prudential framework of the banking sector – with the implementation in the Euro zone of the so-called “Banking Union” which is substantially although not fully complete – but they have also brought about significant changes to financial markets to guard against systemic risk, improve market transparency, efficiency and integrity and rebuild investor confidence. These changes aim to build more resilient sources of finance to better serve the real economy.

Consequently, for the AMF, finalising the reform agenda and adopting implementation measures in relation to the vast amount of recent legislation, remain the short term priorities. But ensuring the effective and consistent implementation of reforms, the convergent interpretation of rules and the emergence of a shared supervisory culture, are also priorities as otherwise there is little purpose in agreeing a Single Rule



Book. For this purpose, European lawmakers have assigned a central role to the European Securities and Markets Authority (ESMA).

But today, ensuring the financing of the real economy has also become a priority. This is true for the AMF – as set out in its strategy for 2013–2016 – and for the European Union where the European Commission has launched the so-called “Capital Markets Union” to increase and diversify the funding sources for European businesses.

What is required now, including from regulators, is to look ahead with the objective of helping markets work more efficiently to meet the needs of corporates and facilitate a better allocation of savings to fuel the economy.

All of the markets, market participants and market users have been or will significantly be impacted by the financial reforms enacted at European Union level, whether as a consequence of commitments made by the G20 or of decisions made by the European institutions: UCITS V, AIFMD, EMIR, MiFID II, CRD IV, Solvency II, Benchmarks Regulation, SFT Regulation, etc.

Once all these reforms have been implemented, the challenge we will face will be to determine whether, individually, they

achieved their intended outcomes and, cumulatively, whether they had unintended consequences. This is, I should mention, also part of an initiative that the EU Commission has launched in the form of a call for evidence to which the AMF intends to participate.

To conclude, let me outline two issues that, in my view, offer both great opportunities and challenges to securities regulators going forward:

- The first relates to data: reforms to the European financial regulatory framework – in particular MiFID 2, EMIR the AIFMD – have added numerous reporting obligations on regulated entities and increased data flows between national authorities and between the latter and ESMA. These new requirements aim at improving our knowledge on risks, wherever they lie. Implementation of these reforms depends not only on ESMA and the national authorities, but also on market participants, and requires huge financial and human investment. It is now vital to improve the quality of data gathered and to ensure that it can be used as effectively as possible for market surveillance purposes.

The establishment of common tools for ESMA and its members is a key aspect in building more effective surveillance at European level. Conducting shared projects within ESMA, where possible, is more efficient for supervisors and market participants alike, to support proper market surveillance and investor protection. Accordingly, it must be encouraged.

The announcement last week of a possible postponement of the entry in force of a major piece of legislation – MiFID 2 – due to the delays in building the requisite IT systems speaks to the importance of this issue.

- The second relates to digitalization: technological developments are transforming – if not disrupting – the way in which financial services are being developed and sold. FINTECH will force securities regulators to think outside the box. But promoting innovation without impairing a high level of investor protection will become more and more challenging.

Thank you for your attention.