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The Autorité des Marchés Financiers (AMF) publishes its 2014 annual report

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On the 5 May 2015, Gérard Rameix, Chairman of the Autorité des Marchés Financiers, presented the AMF's 2014 Annual Report to the press. The focus for 2014 was pursuing the implementation of its 2013-2016 strategic plan, the aim of which is to "make finance meaningful again."

Restoring investor confidence

Savings protection remained the key phrase in 2014. Over the last year, the "Epargne Info Service" platform, which provides assistance to both private individuals and professionals, dealt with 12,108 queries. Among the complaints received, the regulator highlighted a 301% increase on binary options cases and a growth of 42% related to the Forex. The Ombudsman, who dealt with and closed 969 files last year, 506 of which were under his jurisdiction, also witnessed an increase in cases related to speculations on the Forex.

Alarmed by this trend, in October 2014, the AMF launched an extensive internet-based communication campaign to increase public awareness. For the first time, the AMF also had recourse to the courts to block access to certain websites offering unauthorised trading on the Forex. Along with the French Prudential Control and Resolution Authority (ACPR), the

AMF continued to update its lists of operators offering unauthorised investment services on French territory.

With the aim both to prevent and to inform, the AMF, together with the National Institute of Consumption, launched a new "Consomag" campaign. This new campaign not only addresses financial investment costs, internet trading and on-line subscription to financial products, but also issues of employee savings and financial planning for retirement.

Working towards secure and transparent European markets

Having closely monitored negotiations for the revision of the Markets in Financial Instruments Directive (MiFID II) in 2013, in 2014 the AMF participated in various working groups, organised by the ESMA, to come up with some implementation measures. Key topics included the harmonised system of tick sizes that complements the framework of high frequency trading or the concept of liquidity that will determine the transparency requirements for non-equity financial instruments (derivatives, bonds).

Meanwhile, the AMF amended its general regulations with the insertion of provisions related to the Law of Separation and Regulation of Banking Activities, before the implementation of MiFID II. As of 1 January 2015, the regulator must be notified of the use of automated processing facility (i.e. algorithms). The AMF also adopted measures directly relating to operators of regulated market or multilateral trading facilities to allow them to cope with situations of extreme volatility or severe strains on the financial markets (applicable from 1 July 2015). Finally, in December 2014, the AMF launched a consultation (completed on 27 February 2015) with a view to incorporating the provisions set out in the law of separation to strengthen the regulation of markets in financial instruments the underlying asset of which includes on agricultural commodity.

Through its involvement in international bodies, including the International Organization of Securities Commissions and the Financial Stability Board, the AMF has contributed to current discussions aimed at identifying the most important non-banking and non-insurance-related entities and is following the market funds reform process with interest.



The past year was also devoted to pursuing implementation of reforms taken in the immediate wake of the financial crisis. Two dates stand out: 12 February 2014, when the obligation to report all derivative transactions to trade repositories became effective and 22 July 2014, when the AIFM directive came into force with the requirement for managers of the relevant funds to obtain authorisation and provide reporting. The AMF has therefore kept pace in supporting the actors and ensuring the new legal obligations are effectively met.

Finally, on the asset management side, 2014 was a positive year. First, the outstanding shares issued by mutual funds increased by 3% to 1,349 billion Euros (excluding securitisation entities). Second, the number of asset management companies increased from 613 to 634, with 48 new management companies approved by the AMF in the course of the year (an increase of 23% in comparison with 2013).

Taking action to finance the economy

2014 was marked by a certain dynamism in the financial markets. The AMF gave approval for 411 financial transactions excluding public offerings, compared with 365 in 2013 and 320 in 2012. The initial public offerings on the Paris stock exchange market generated 4.3 billion Euros, three times more than in 2013. On this occasion, 28 companies were listed (15 in 2013), 19 of which trade on the regulated market.

In this context, the AMF decided to review the initial public offering framework to make it more competitive while preserving individuals' access to these transactions. To this end, a working group was created. Its opinions led to the publication of a position-recommendation and amendments to the General Regulations.

The AMF also strengthened its action in relation to SME, through increased meetings with listed companies and the publication of a reference document preparation guide specifically tailored towards small and mid-caps.

The AMF contributed to discussions aimed at improving the regulatory framework for crowdfunding; promoting its development while at the same time ensuring public protection. In an instruction, the AMF specified the mandatory information that crowdfunding platforms should provide to investors.

Beyond the company financing aspect, the AMF has focused on supporting and assisting issuers in the implementation of the revised Transparency Directive that provides for the removal of the obligation to issue quarterly financial information. A recommendation was published to this effect at the beginning of the year. The AMF also issued a recommendation to issuers on the use of social media.

Finally, it updated its General Regulations with the provisions of the law aiming at restoring the real economy (the "Florange law"), which amended the law on tender offer.

Monitoring, Investigations, controls and sanctions

In 2014, AMF departments carried out 46 controls among regulated professionals and completed 68 investigations, of which 41 were carried out in the context of providing assistance to foreign authorities. In turn, the Sanction Commission issued 24 decisions. It imposed 79 financial penalties against 30 legal entities and 49 private individuals, for an overall amount of nearly 33 million Euros. This cumulative amount, which is the highest since the AMF's creation, is a sign of increased severity over the years. The Enforcement Committee also issued 13 disciplinary sanctions, ranging from simple warnings to final prohibitions on the performance of certain activities.

When it issues its statement of objections, the Secretary General of the AMF may also offer the respondent the opportunity to enter into a settlement procedure. In total, 9 transactions were approved last year by the Sanction Committee.

The AMF's financial resources

Over the 2014 financial year, the AMF recorded a net result of -0.19 million Euros, following a loss of 5.84 million Euros in 2013. The slight decrease in payroll and property rents made it possible to control operating costs. This resulted in a decrease of 1.2%, to 90.18 million Euros. Meanwhile, operating revenues increased by 7.4% to 91.36 million Euros, taking advantage of the slight market recovery.

The challenges for 2015

Since the global financial crisis in 2008, many reforms have been initiated. Not all have yet been completed, such as the clearing obligation under the EMIR regulation that is still awaiting implementation. Europe is currently working on reinforcing the monetary fund framework so that it is more resilient. Hence, the AMF intends to continue its efforts to make markets safer and more transparent.

In parallel, the European Commission has launched a Capital Markets Union initiative to improve financing of businesses and jobs. The AMF intends to take an active part in the ongoing discussions. It is currently in the process of finalising its answers to three consultations carried out by the Commission on this matter.

Finally, recent case-law of the European Court of Human Rights and the Constitutional Council have questioned the current French mechanism for the repression of market abuse. The AMF which set up a working group to review the consequences of their decisions, has just submitted its conclusions to the authorities and stakeholders. The working group suggested that objective criteria should be used to make a very clear distinction in law as to what constitutes an offence on the grounds of administrative failure. A period of consultation with the Prosecutor's Office would be necessary in order to ensure an optimal distribution of cases between the two law enforcement bodies. A prohibition on the accumulation of administrative and criminal proceedings for the same acts should be enshrined in legislation.

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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