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## **AMF's response to the European public consultation on the new EU-Green Bond Standard**

As part of its Green Deal, the European Commission announced the creation of a European standard for green bonds. In order to enrich its reflections, it launched a public consultation based on the proposals of the Technical Expert Group's report published in June 2019. The AMF responded to this consultation, here are its main positions.

### **The European standard: a content that fulfils the expectations regarding transparency and reporting**

The AMF welcomes the draft European standard on green bonds as proposed by the Technical Expert Group, in particular the proposal to align funded green projects with the European taxonomy and the harmonization of reporting standards. These proposals meet the expectations of investors, who wish to have access to more precise information on the allocation of funds and the environmental impact of the projects.

### **The taxonomy: the core advantage of the European standard**

According to the AMF, in order to qualify for the EU green bond standard (EU-GBS), the issuer must comply with all the requirements of the standard and therefore ensure that 100% of the use of proceeds are allocated to projects or assets that finance or refinance activities included in the European taxonomy. However, flexibility should be ensured in the use of the European taxonomy in the short term. It is indeed preferable to wait for the finalization and testing of the technical criteria before imposing a strict use of the taxonomy.

However, issuers should ensure enough transparency about the nature of the activities that do not comply with the taxonomy.

## The establishment of a European regime for the accreditation and supervision of green bond verifiers

In order to strengthen confidence in the green bond market, the AMF supports the mandatory use of accredited bodies to verify (i) the alignment of green bonds with EU-GBS and (ii) the allocation of the proceeds of the offering. The AMF is in favor of an ESMA's authorization and supervision of these entities. Proportionality should be applied to small local bodies which often better meet the needs of SMEs, particularly from a pricing perspective.

The AMF does not support the Technical Expert Group's proposal to set up a transitional system of voluntary certification for verifiers until the legislative process is completed. The AMF suggests - for the sake of simplicity, consistency and readability - that the European standard and the accreditation regime for verifiers come into force at the same time.

## Social bonds: a promising market that needs to be transparent

While the AMF encourages the development of the social bond market, it also asks issuers to ensure a sufficient level of transparency regarding the use of proceeds. Besides, the AMF invites the European Commission to assess the need for European standards once the social taxonomy is developed.

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