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Speech by Robert Ophèle, AMF Chairman - AMF 2021 International Seminar - 16 March 2021

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It is a pleasure for me to open this new AMF International Seminar. We tried to adapt the format of this seminar to what had become a new normal and at this point it looks like a success. Over 250 participants have joined from some 50 countries from the EU and beyond, as well as colleagues from IOSCO and ESMA Secretariats. We are honoured to have you virtually with us.

When drafting the agenda, we decided to focus on issues which have taken a brand new dimension since the beginning of the pandemic such as facilitating access to equity financing for issuers as well as educating and protecting retail investors who have more and more appetite for risky investments but are faced with increasing risks of scams.

I am confident that this seminar will be an opportunity to share views and insights, and will generate new ideas to address the challenges that all supervisory authorities face.

Since the AMF is hosting this seminar, I shall start this exchange by sharing with you how the AMF has decided to address some of these challenges, by giving you a rapid overview of the AMF's main priorities for 2021.

2020 was a particularly challenging year for all. The COVID-19 epidemic sent shockwaves of unprecedented magnitude and the financial sector was not spared. From March 2020

onwards, the financial sector faced a major operational challenge, linked to the widespread staff lockdown, and significant volatility in the financial markets, linked to the very significant revaluation of various assets in response to expected economic concerns.

The AMF took action very early on in the crisis to ensure the orderly functioning of the financial markets and maintain this financing channel that is vital to the economy, while ensuring investor protection. At the same time, the implementation of the 2020 annual priorities was adjusted to reflect the new situation and to focus our efforts on addressing the challenges raised by the crisis.

It is against that background that the AMF has set its key priorities for 2021:

- be fully committed to help overcome the health and economic crisis;
- participate in the reforms that will shape financial regulation in the EU-27; and,
- encourage and contribute to the transition to sustainable finance.

At the same time, the AMF will pursue its strategic projects related to supervision.

The 1st issue and the 1st challenge, which all supervisory authorities share in the short and medium term, is the following: overcoming the health and economic crisis and ensuring that finance continues to be part of the solution.

- We are convinced that, in order to revive the economy, we need to ensure the recapitalization of companies and, in this regard financial markets have a key role to play. This is the purpose of the EU Recovery Prospectus. The Recovery prospectus is a temporary measure that will simplify the procedure for issuers to quickly raise capital. The new short-form prospectus will be available for secondary issuance of shares by issuers who have had shares admitted to trading on an EU regulated market or SME growth market for at least 18 months.
- The AMF will remain watchful of financial stability issues following the turmoil of last spring. We are deeply involved in numerous initiatives at national, European and international levels, notably relating to liquidity management of open-ended funds or the impact of the crisis on money market funds.
- The AMF will also be watchful of developments in the field of retail investment. In France, savings are abundant but insufficiently invested in equities. French retail investors do not spontaneously see equities as suitable for long-term savings and

consider them risky and not easily accessible and affordable. However, following the market swings that occurred last March, new retail investors have entered the equity market. But there is still quite considerable uncertainty concerning the health of the market environment, which places even greater importance on improving the level of financial education among French people. We thus need to emphasize the benefits of long-term investment for economic recovery while paying careful attention to the risk profile and investment horizon of savers.

Financial intermediaries have a key role to play in protecting retail investors and they know that they must do more than just comply with their professional obligations. The AMF is keen to support them.

The changing profile of savers and the increase in online scams and fraud attempts are also prompting us to adapt our approach to preventing scams and combating financial fraud. The AMF recently signed a cooperation protocol with the French National Police to step up the fight against financial scams.

The second priority is the relaunch of the Capital Markets Union project – in the wake of the publication in autumn 2020 of the European Commission’s new action plan. The AMF welcomes this initiative, which lends fresh impetus to the CMU project and is most timely.

At a time when funding is much needed to finance businesses recovery, it is vital to deepen European capital markets and ensure that they are liquid. Financial markets should serve as an alternative to bank debt. With the UK leaving the EU and only a few temporary equivalence decisions, it is imperative to strengthen the autonomy of the EU27's financial ecosystem.

Allow me to also address the issue of digital finance. Innovation in the financial sector has led to profound transformations and we can expect these transformations to continue in the coming years.

In 2021, the European Union should have its first regulatory tools in the field of crypto-assets, following publication of two regulatory proposals by the European Commission last September as part of its “Digital Finance” package. The first introduces a “pilot” exemption regime to allow market infrastructure operators to use blockchain technology, paving the way for the development of crypto-assets as financial instruments (security tokens). The second regulates crypto-assets that are not financial instruments (“digital assets”) in a harmonised manner at European level. The draft MiCA Regulation will provide a single European regime for ICOs, stablecoins and crypto asset service providers. The AMF welcomes these two long-awaited European initiatives, with the object of removing a

number of regulatory obstacles to innovation and creating a single market for crypto-assets based on participant confidence and a more uniform approach to combatting money laundering and the financing of terrorism.

The third challenge, sustainable finance, remains a major issue, which the health crisis has in no way mitigated.

The EU is a true leader in the field of sustainable finance. The European Commission has announced that it will raise 30% of the €750 billion NextGenerationEU through green bonds and that it will dedicate a significant portion of recovery funding to sustainable projects.

The many European initiatives such as the EU taxonomy or the Sustainable Finance Disclosure Regulation are to be commended. However, we must be watchful of the complexity that may arise and we should focus on the effectiveness of this new framework.

We also need to strengthen corporate ESG disclosures. The TCFD framework has been instrumental in this regard and has pushed the climate issue in companies' and investors' agendas. In the AMF's view, it is key to be looking not only at the financial impact of climate change on the firm's activities but also at the firm's impact on the environment. This is what the EU has been advocating for. In this context, the upcoming review of the Non-Financial Reporting Directive and EFRAG's work on standardization of reporting are quite timely.

It is also essential in our view to address the issue of ESG data and ESG service providers. The transparency of methodologies must be strengthened. The issue of potential costs also deserves to be addressed. With our colleagues from the Dutch AFM we are calling for these players to be subject to a proportionate regulation. Tomorrow, you will be able to enjoy an AMF-AFM joint presentation on this topic.

Last but not least, the issue of greenwashing. Greenwashing is a growing concern for all and we need to find ways to prevent it and even more so now when an increasing number of financial institutions are committed to incorporating ESG factors and investor demand for sustainable products is also significantly growing. We are convinced that regulation must help prevent greenwashing. The AMF has taken action and published a policy on investor information. The next step is developing a robust European framework and, notably, an EU label for sustainable funds which would be attractive for both EU and non-EU investors. We are committed to working with our European counterparts towards that goal.

As you will have understood, the AMF is actively engaged in building stronger EU capital markets. This, however, can only be achieved if we also ensure that regulation creates the

right incentives and is sufficiently flexible to adjust to a rapidly evolving and highly competitive landscape.

The final challenge for the AMF is to remain a leading supervisory Authority by continuously evolving and broadening its tool kit:

- continue to make progress on data monitoring and use - with the implementation of a new internal organization;
- work more fluidly with the asset management sector, thanks to the new ROSA extranet, which should enable the AMF to strengthen its risk-based approach; and,
- preserve our ability to act and to maintain the effectiveness of law enforcement.


As a financial regulator, the AMF is fully mobilized to ensure markets provide the much-needed financing for our economies and continue to operate smoothly.

This brings me to the end of my introductory speech. I thank you for your attention and trust that the discussions over the coming days will provide fruit for you all.

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