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Speech by Marie-Anne Barbat-Layani, AMF Chair - New Year address to the financial centre - Monday 9 January

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Dear Board members,
Mr. Chairman of the Enforcement Committee, Members of the Enforcement Committee
Ladies and Gentlemen,
Dear Colleagues

Thank you for coming out in such large numbers for the AMF's New Year's address to the Paris financial centre, which is an opportunity to discuss the AMF's roadmap and priorities for action in 2023.

These are not easy times, as we all know. Today, the financial world is faced with major uncertainties currently affecting the world: the pandemic, war in Ukraine, energy prices, and their economic and financial consequences with inflation and rising interest rates. We could dwell at length on this situation, but as we enter 2023, I would rather go over the good news with you.

The AMF is today the regulator of Europe's largest financial centre.

I am well aware that the naysayers will point out that it beat the London market only by a whisker, and only in terms of market capitalisation. But there is no doubt that the Paris

financial centre is by far the leading financial centre in the European Union, and if we were less French and a bit more British, we would be popping champagne, by now.

This is a very welcome situation, and one that comes with commitments. It will be one of the strongest drivers of the AMF's strategic plan for the next five years, on which we are currently working and which I hope to present to you before the summer. Today I will just talk about our priorities for action for 2023.

As I said earlier on, Paris has become the largest European financial centre. This situation is a good way of addressing the AMF's work, and is worth taking a moment to analyse:

- But let's say it right away: this is excellent news! Because it means that the financing circuits of our economy are powerful, and that we have major decision-making centres here in France. At a time when we are rediscovering the importance of sovereignty, including economic sovereignty, this situation is to be welcomed. Financial players are not disembodied, they are real flesh and blood men, and sometimes women (albeit still too few), and the fact that they are based in France guarantees that they are committed to our country's development. I say it very sincerely: this is an opportunity for France, and for Europe, because as we know, this is the scale on which we have to think today.
- This should allow French savings, which we know are particularly abundant and stable, to finance our economic activity, and this is also an opportunity. Of course, we all know that this is not so simple, because these savings need to be channelled effectively, for the benefit of investors as well as to finance the economy, businesses and the ecological transition, which requires considerable investment. This is an area in which we still need to make progress, by placing investors at the heart of our action, and I will come back to this later.
- We owe this opportunity to all of you - and also, let's be frank, to Brexit: to all of you, financial players, as well as companies. The performance of the Paris financial centre is primarily due to its market capitalisation and therefore to the performance of its companies.
- We also owe this opportunity to some extent to the AMF. I would like to hail the work of my predecessors and the AMF staff. The legacy of my predecessors and the AMF's staff is a genuine understanding of the needs of the economy and the smooth running of the financial markets, a capacity to listen, vigilance, courage and high standards. These are the foundations of the AMF's excellence, and I will obviously be committed to building on this legacy. I intend to make the quality of the service provided by the AMF one of the cornerstones of our future strategic plan. I am thinking in particular of the asset management industry and investment service providers, our primary "clients", if I may put it that way, but also of course of issuers and all financial players in the marketplace.

— This situation creates obligations for the Paris financial centre. First of all, a duty of care. The financial world is currently facing many uncertainties on an unprecedented scale. We must keep our feet firmly on the ground and keep a watchful eye on our risks. Secondly, we must set an example for both investors and society: Paris must continue to build its success on its integrity and on the high standards that have long been reflected in its rigorous management and regulation. Let us be clear: Paris has never been an advocate of looser regulations. And it will not become one today, whether in its strategic vision or in its DNA. This integrity is a strength, and strict regulations are the best way to guarantee the long-term development of a financial centre. This is the hallmark of the Paris financial centre, and it has certainly served it well! Being a rigorous and competent regulator is the best contribution we can make to boost the attractiveness of the Paris financial centre. This is also why (I would like to say in passing) the AMF fully supports the mission of its former chair, Robert Ophèle, who is preparing the Paris bid to host the new European anti-money laundering authority. I need not remind you that it was the 15th G7 Summit at La Défense that created the global anti-money laundering organisation, the FATF, which is located in Paris and is attached to one of the world's largest international organisations, the OECD. Paris has an ecosystem of regulators and a mindset that can provide this authority with particularly powerful leverage.

> What does being exemplary mean for Europe's leading financial centre? First of all, as I said, we must pay special attention to retail investors. We should never forget that the financial centre owes them a great deal, because savings, those of retail investors, but also of course those of professional investors and foreign investors, are the raw material with which all financial players work. It therefore owes them secure and solid players, first of all, and also transparency, high-quality advice and reasonable fees for the service provided. Let me say in passing that there is no such thing as a free lunch, and quality and proximity of the advice given come at a cost. This must be taken into account in the European-level discussions on investor protection: ideas that appear simple, such as an outright ban on commissions, are not necessarily the most effective. But of course, fees must be reasonable, transparent and justified. The objective is simple: investors must receive advice tailored to their situation and needs, and their interests must come before all others. It is a key objective to ensure that savings are well oriented: we need longer-term investments that allow people to finance their projects all through their lives and to prepare for retirement, and that provide more funding for businesses and the ecological transition. As we know, direct or indirect investment in shares is still not sufficiently developed in France. This is an issue on which we must continue to work.

We must therefore continue to work on providing sound information to investors, and step up our action with regard to financial education. Access to information is fundamentally skewed in an increasingly complex financial world. It is the duty of the financial world to be fair, and it is the AMF's primary task to ensure that this is the case. I would like to pay tribute to the work of our Consultative Commission on Retail Investors and to the AMF

Ombudsman, Marielle Cohen-Branche, whose contribution to protecting retail investors is well known to everyone here. I note with great interest that Parliament is once again taking up the subject of investor protection, since a bill has been tabled by Senators Husson and de Montgolfier, whose strong commitment to these issues is well known to everyone here. Investor protection will of course be our top priority in 2023 and at the heart of our strategic plan.

> Setting an example also means that we must respond to society's expectations: here, I am referring to sustainable finance. This is a strong and well-founded demand from investors. It is also a demand of the public authorities, because France has a particular ambition in this area, embodied in the Paris Agreement. The Finance Minister, Bruno Le Maire, has just announced an ambitious bill on green industry: the financial sector and its regulator must be on board and we will be there! Finance has a major role to play in the ecological transition, and we should not fear to say loud and clear that it has a real appointment with history, which we cannot afford to miss. The Paris financial centre has made sustainable finance a key part of its strategy, and the creation of the Institut de la Finance Durable (Paris Institute for Sustainable Finance), chaired by Yves Perrier, shows that it intends to maintain its leading position in this area.

Promoting sustainable finance is not necessarily easy for the AMF, because we do not yet have all the benchmarks to sort the wheat from the chaff. What does green really mean? Investors are sometimes very frustrated because they don't know if what is presented as being sustainable actually is. The same applies to companies, now faced with a profusion of often controversial non-financial requirements. It is also true for associations that defend the environment and for your children and mine, who are asking that we act quickly and efficiently, and do not understand that we find it difficult to find solutions. The AMF is calling for stronger and clearer European regulations in this area and will bring all its expertise to the table. In the meantime, it will continue to support financial players and issuers, maintaining its high standards and not hesitating to denounce greenwashing. Sustainable finance will be one of our main priorities for 2023, and clearly one of the main pillars of our strategic plan.

> Being the regulator of a major financial centre also means that we must give innovation its rightful place. The AMF has chosen to be a regulator that embraces innovation. This is a choice that I endorse. This does not mean that we should allow or give in to just anything unquestioningly. Everyone here is familiar with the FTX case. It clearly embodies everything that we no longer wanted to see in the economic world; but it is also, and above all, clearly a fraud. And it should not be interpreted as meaning that technological innovation in the financial sector is an evil in itself. Madoff did not sound the death knell of traditional finance. FTX should not do the same for digital finance.

Obviously, the crypto universe must now make a clear choice to embrace regulation and investor protection. This is in its own interest because one black sheep can easily bring an entire industry into disrepute. The AMF, like the French Parliament, is calling for an acceleration of the transition to mandatory registration for service providers that are currently not registered.

In the same vein, we welcome the French Finance Ministry's initiative to look into the role of influencers, as this is an area in which we have already been called upon to act. More generally, innovation does not mean the Wild West, and social media is not a world of lawlessness. The financial world has patiently built up a whole body of investor protection practices that should not stop at the gates of the digital world! Like traditional finance, FinTech in Paris must choose the path of rigour and investor protection. Like traditional finance, it will find a solid and sustainable basis for development here, and it can count on the AMF's support on this journey.

Let us be tough, but let us not become conservative! We are fortunate to have a new generation of investors (18-24 year-olds invest far more in the stock market than the older generations) as well as bold entrepreneurs. This is an opportunity for the Paris financial centre.

> What does being the regulator of Europe's largest financial centre mean for the AMF?

Two things in particular: we must continue to enhance our effectiveness, including our enforcement efforts, and we must play a full role internationally and in Europe to defend and promote the French financial model.

— First of all, a few words on this European and international action. It is a priority for 2023 and one of the pillars of our future strategic plan.

Here too, I have received a considerable legacy: we are listened to, and the expertise of our teams is highly sought after. So much so, in fact, that the question of our resources is becoming particularly pressing, if we are to play our full role in the concert of major market regulators. We support, in particular, the remarkable work of the European Securities and Markets Authority (ESMA) under the aegis of its remarkable Chair Verena Ross, to strengthen supervisory convergence.

We intend to make a strong contribution to these efforts and to have an impact on European debates. To give just one example, the French model of transparent financial markets must not be weakened by the current debates on MiFIR.

- Our European action is obviously fully aligned with our priorities, the first of which is investor protection. I am therefore delighted to have been elected chair of ESMA's Investor Protection Committee: in this area more than any other, we will benefit from learning about the best practices of our colleagues, but also from ensuring that the European passport does not mean less stringent requirements than ours.

We are also involved in the work of the international organisation of market regulators, IOSCO, and we are pleased that a European, our Belgian colleague Jean-Paul Servais, has been elected president of the international market organisation. The European model is now a reality in many areas, especially in financial matters, where Europe has rolled out an arsenal of protection that is the basis of a sometimes frustrating internal market in financial services, but on which we must all continue to work.

International coordination is vital if our investigations are to be effective: we are increasingly confronted with international insider networks, and working with our foreign colleagues has become as essential as working with the judiciary.

Our international action also concerns regulatory issues. It is essential that market regulators contribute their expertise to the work on indebtedness in the non-banking financial sector that is of concern to the Financial Stability Forum. We are, by definition, the most knowledgeable about the asset management industry, which is one of the players of this sector. I will have the opportunity to be personally involved, as I will be co-chairing, with my British counterpart Nikhil Rati, the IOSCO committee that is working on these issues, in conjunction with the Financial Stability Forum.

- The last point that I will address under our priorities for action is increasing the effectiveness of our enforcement action. This reinforcement is essential, because it is an intrinsic part of our credibility as the regulator of Europe's leading financial centre. Moreover, some of our tools are now in a compromised legal position. This objective is perfectly in line with the work of both Parliament and the government on the fight against fraud: the Senate has just published a very interesting report on this subject, and the Minister of Public Accounts, Gabriel Attal, is actively working on this issue. We will be proactive and must not restrict our thinking at this stage, because we must ensure that regulation is rigorous and efficient, in conjunction with our partners, in particular the ACPR, the judiciary, and the DGCCRF. I welcome the recent decision of the AMF Enforcement Committee, chaired by Jean Gaeremynck, which did not hesitate to impose an exceptional sanction in the face of problems that were just as exceptional, especially in terms of the amounts involved.

As you can see, the AMF has a lot of work to do and high ambitions. All of this will require resources, and the AMF must be able to maintain and develop its invaluable human capital

and have the best technologies at its disposal to enhance the effectiveness of its action and the quality of service to its users. We must first of all work on this from the inside, by modernising our organisation and management, and this will be done with the support of our Board. I also hope that we will be able to convince the government to provide us with the resources for this ambition!


Lastly, as you all know, the AMF will be celebrating its 20th anniversary this year. We will have the opportunity to meet again for this important milestone. I am therefore preparing to open a new chapter with the Board and the AMF staff, and I am fully aware of how lucky I am to be leading the AMF at such a complicated and important time in its history.

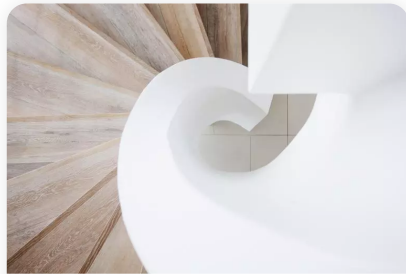
Thank you for your attention and I wish you all an excellent New Year!

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