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Speech by Marie-Anne Barbat-Layani, AMF Chair - Publication of the AMF's Annual Report 2023 - Thursday 23 May 2024

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Ladies and Gentlemen,

I would like to thank you for attending this meeting, which we hold each year to coincide with the publication of the AMF's Annual Report. This is an opportunity for me to revisit the highlights of 2023, as well as those that have left their mark on the first five months of 2024.

2023 began against a complex economic and financial backdrop, marked by rapidly rising inflation and interest rates, and high geopolitical tensions. The crises that affected certain banks in early 2023, which have since been brought under control, illustrated the vulnerabilities associated with this new environment. Nevertheless, the stock markets never lost their optimism about the prospects for a soft landing for the economy and a possible end to monetary tightening: the year ended with new all-time highs: the CAC 40 index was up by 20.1% (performance dividends reinvested), and has since broken through the symbolic 8,000-point barrier.

The start of 2024 has been characterised by continuing high geostrategic tensions, a faster than expected fall in inflation, and an increasingly marked difference between the United States and Europe in terms of growth and inflation.



Given that it is not certain that all the effects of the rapid rise in interest rates have been felt, uncertainty as to how they will evolve therefore remains, and justifies extreme vigilance on the part of the regulatory authorities. Against this backdrop, the AMF continues its close supervision of the capital markets and of assets whose valuation may be affected by volatile interest rates.

Beyond these cyclical factors, fundamental structural changes are at work: the growth of the non-bank financial sector, the development of private finance, a certain disaffection with listing, the scale of cybersecurity risks and the rise of artificial intelligence. It is important to understand what is at stake, particularly in terms of financial stability.

Coming back to 2023, this was a foundational year for the AMF, and a year in which it celebrated its 20th anniversary and defined its strategic guidelines for the 2023-2027 period: Impact 2027.

By way of a reminder, we set ourselves the goal of being an exacting regulator for Europe's leading financial centre, of acting decisively in Europe and internationally, of protecting professional and retail investors, which is the AMF's top priority, of promoting more sustainable finance, of supporting innovation, and finally, something that underpins our work, of being an attractive workplace for our employees, and an effective one, at the service of the public interest.

In 2023, the AMF was an active regulator:

- The AMF carried out some sixty inspections, including 37 series of short thematic inspections ('SPOT'). The AMF Enforcement Committee issued 17 decisions and imposed financial penalties totalling nearly €35 million. It approved 10 settlements negotiated by the Secretary General, which were then ratified by the Board.
- If we look at the statistics from the International Organization of Securities Commissions, the AMF is one of the top three users of the mechanism for requesting assistance from other supervisory authorities under international cooperation and information exchange agreements, alongside the FCA (Financial regulatory authority in the United Kingdom) and the SEC (Financial regulatory authority in the US). This is all the more important given the growing power of the international insider networks that we are tackling. This leads us to very active cooperation with our counterparts abroad.
- In terms of retail investor protection, the AMF is active on all fronts. With the support of the European Commission, we have commissioned the OECD to conduct a study in order to gain a better understanding of the profile of new investors. Since 2020, we have seen one million new equity investors arrive on the market. The OECD study provides a wealth

of information. We see that these new investors are younger, that they are investing increasingly in crypto-assets (9% of French people hold crypto-assets directly, compared with 7% who hold listed shares directly), and that they are adopting a more independent approach, learning on the Internet and getting information from social media. This study will enable us to implement targeted actions to better support these new investors.

We have also worked on the clarity of fees and published a glossary. We are watching the changes in fees and see that they are continuing to fall.

- Countering scams was a major and, unfortunately, growing issue in 2023. 15% of French people say that they have fallen victim to a financial scam, and this proportion rises to 35% among the under-35s. Requests related to crypto-assets are the most numerous type received over our Epargne Info Services platform. We are also seeing an increase in requests related to impersonations, fake green investment scams and loss reimbursement scams.

Our work has resulted in the blocking of 127 illegal Internet addresses and we have added a further 332 URLs to our blacklists.

In 2024, we remain committed to all these issues. Three subjects merit particular attention.

- First of all, the Capital Markets Union. In June 2023, the AMF called for the relaunch of the Capital Markets Union in its strategic guidelines. This is a top priority for Europe's heads of state. Papers have been published, such as the Noyer and Letta reports. I would also like to draw your attention to this week's communication from the European Securities and Markets Authority (ESMA), a number of whose proposals are close to our hearts. I am particularly pleased that ESMA has taken up our proposal for the European Commission and co-legislators to assess the appropriateness of direct European supervision of crypto-asset services providers. This change is essential in order to strengthen financial stability by improving supervision of these market participants, but also for investor protection by avoiding the risks associated with the race to the bottom in terms of regulatory requirements on the domestic market. One of the other recommendations is to stimulate securitisation. Today, this is absolutely essential, given the financing needs of the ecological and digital transitions, and at a time when some of Europe's savings are going to be invested outside Europe.
- The attractiveness of the Paris financial centre is also a priority of ours. At a time when the draft law to increase the financing of undertakings and make France more attractive has been passed by the National Assembly and the Senate, the AMF has mobilised to support this initiative. It is important for France to remain at the forefront, in particular by introducing multiple voting rights. The AMF is in favour of such a development. The



precise arrangements are currently being defined by the legislator, taking into account the various imperatives involved, with a view to preserving the balance between investor protection and attractiveness.

Also on the subject of attractiveness, the AMF has recently made the tranche reserved for retail investors in initial public offerings optional rather than mandatory. Since this initiative, one successful IPO has been carried out and a second one is being prepared.

- The AMF continues to strive to identify and prevent risks, notably through active participation in work taking place internationally. Thus, the AMF has recently published a joint position with its Italian, Spanish and Austrian counterparts on the treatment of macroprudential risks in asset management. The European Commission has just launched a consultation on this subject, which forms part of the wider debate on the regulation of non-bank finance, in which we are playing an active role. With this in mind, we have set out our priorities and stressed the importance of taking into account the specific characteristics of the asset management industry.
- As a clear reaffirmation of its position as a regulator open to innovation, the AMF is closely monitoring blockchain development projects, which now have a supportive European legal framework. Last year, as part of our work to identify the challenges associated with innovation, we shared our initial thoughts on decentralised finance. We have received a great deal of input which we are currently analysing. We are actively contributing to international work on artificial intelligence, both from the point of view of financial stability and of its impact on retail investor protection. We are of course heavily involved in the European work on implementing the MiCA Regulation on crypto-assets. It is planned that the submission of applications for authorisation will open on 30 June with the first authorisations being issued from 30 December 2024. As I mentioned, the AMF has put forward a major proposal, which has been taken up by the AMF, for ESMA to supervise crypto-asset platforms directly.
- The AMF is also on the cusp of major new challenges in the area of sustainable finance. In particular, we are responsible for implementing the new sustainability requirements set out in the European Green Deal, foremost among which is the Corporate Sustainability Reporting Directive (CSRD), which will apply to major listed companies from 2024. This is a genuine revolution that requires a rapid increase in our skills, as well as our support and inspection capacities.

With this aim of supporting listed companies, in February we published an educational guide to enable them to report on their transition plans. Last November, with the same objective in mind, we published a 2nd study on the disclosures of a panel of listed companies under the Taxonomy Regulation.



In parallel, we are continuing our work alongside management and intermediary market participants. We have published a position paper on the reform of the SFDR. Following a series of thematic inspections looking at how investment management companies are putting themselves in position to meet their contractual non-financial commitments, a summary of which we published in 2023, we should be able to share the findings of our first inspections relating to the implementation of the SFDR by the end of the summer.

We are also vigilant about how investors' sustainability preferences are taken into account. Next week, we will be publishing the findings of a campaign of mystery shopping visits to bank branches carried out between September 2023 and March 2024, which enabled us to take stock, for the first time, of the practices employed for gathering retail investors' sustainability preferences. This exercise took place at a very early stage, just as the implementing regulations proposed by ESMA were about to come into force. Unsurprisingly, these mystery shopping visits show that there is room for improvement when it comes to applying the texts. This all shows the importance of training bank advisers.

As you can see, the AMF is working on all fronts in a rapidly changing environment.

This means that we must constantly adapt our organisation, resources and powers to ensure that we are able to act swiftly and effectively in those areas where the protection of retail investors, the proper functioning of the markets and financial stability are most at stake.

Our human and financial resources are therefore fundamental. You know that. The Cour des Comptes' report, published on 18 March, confirmed the need for a very substantial increase in the AMF's resources, which are significantly lower than those of its peers in terms of staff and budget. I hope that despite a public finance situation that is less than conducive, we will be heard.

As a public authority, it is only natural that the AMF should pursue the efforts that it has already made to control expenditure. I am determined to do this, as the Cour des Comptes has pointed out. We are committed to ensuring that our expenditure is strictly equivalent to our expenditure, and in 2024 this will be the case for the first time since the AMF has had a resource cap.

This was a summary of the main information I wanted to share with you today. Along with the members of the Executive Committee, I am at your disposal for any questions.

Thank you for your attention.



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