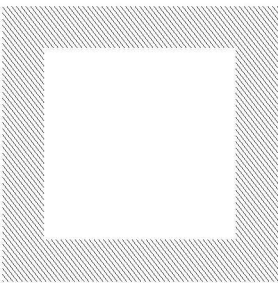
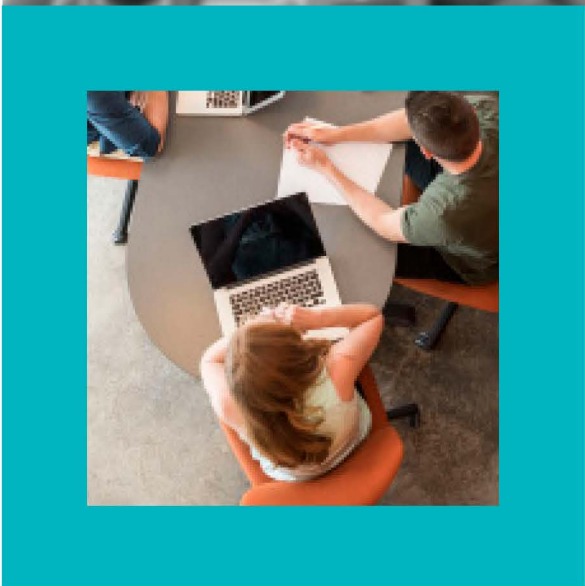
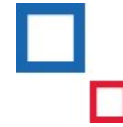
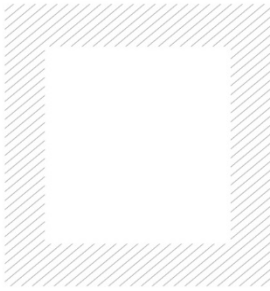


2021 PRIORITIES FOR THE AUTORITÉ DES MARCHÉS FINANCIERS





Summary

2021 Priorities

Priority 1: Be fully engaged to overcome the health and economic crisis

- Provide support to issuers to help finance the business recovery and ensure the quality of the dialogue between issuers and shareholders
- Propose regulatory changes in response to the turmoil of spring 2020 and the challenges of financial stability in the asset management industry
- Ensure that investors are educated, supported and protected against the risks associated with the new market environment.

Priority 2: Participate in the reforms that will shape future financial regulation

- Contribute to the Capital Markets Union and to legislative reviews with the threefold objective of protecting investors, financing the economy and ensuring European competitiveness
- Build the framework for innovative European digital finance markets
- Monitor market developments related to Brexit to support market participants and identify any adjustments to the regulatory framework that may be necessary.

Priority 3: Accelerate the transition to sustainable finance

- Help issuers to improve the quality of non-financial information and contribute to improving the robustness of European regulations on non-financial information
- Support the French financial market in implementing the regulatory framework and in managing and integrating issues relating to sustainable finance and climate
- Support innovative approaches to sustainable finance

Priority 4: Continue to roll out the objectives of the strategic plan related to supervision

- Ensure that law enforcement procedures remain effective and continue efforts to reduce delays
- Strengthen monitoring of asset management companies by streamlining procedures related to authorisations and by sharing information more effectively using the new ROSA extranet
- Apply the risk-based supervision approach more broadly by expanding the use of data

REVIEW OF 2020

□ Annual priorities for implementing the #Supervision2022 Strategic Plan

At the beginning of 2018, the AMF published its five-year vision, #Supervision2022, setting a new course on how to fulfil its remit until the end of 2022, structured around four strategic guidelines:



4 KEY DIRECTIONS FOR THE #SUPERVISION2022 STRATEGIC PLAN

1. Commit to a strong, more integrated, more competitive EU27
2. Rethink our supervision and our intervention tools
3. Assist market participants, promote innovation and contribute to the financing of the economy through an attractive financial centre and markets
4. A modernised, more open and more agile AMF

This medium-term vision is broken down each year into priorities that reflect the progress made to date and the changes in the political, institutional and market environment. The publication of these priorities, along with the annual supervisory priorities that highlight the issues involved in monitoring and supervising regulated financial firms, is designed to make the AMF's actions more transparent for its various stakeholders.

At the beginning of 2020, the AMF defined five priority areas for implementing the #Supervision2022 strategy: the attractiveness and orderly operation of financial markets, the regulation and supervision of asset management, preparation for the post-Brexit period, transition to sustainable finance, and the competitiveness of European markets in the digital sector. Accelerating the AMF's transformation, a prerequisite for achieving its strategic objectives, formed a final group of priorities for the year. The exceptional circumstances of 2020 compelled the AMF to adjust its actions, but it did so without compromising the objectives it had set itself.

□ The AMF's actions in response to the COVID-19 crisis

The COVID-19 epidemic sent shockwaves of unprecedented magnitude across the world that did not spare the financial sector. From March 2020, the financial sector faced a major operational challenge, linked to the widespread lockdown of staff, and significant volatility on the financial markets, linked to the drastic revaluation of various assets in response to expected economic woes.

The AMF took action very early on in the crisis to respond to the needs of the French financial centre, practitioners and retail investors. The Authority could draw on the experience of teleworking, which was deployed in 2019, and could rely on the engagement and agility of its staff, to provide full continuity of service and to find quick and appropriate solutions to a large range of crisis situations. At the same time, implementation of the 2020 annual priorities was adjusted to reflect the new situation and to focus efforts on addressing the challenges raised by the crisis.

The AMF's actions were carried out with the aim of helping participants to ensure the orderly operation of the financial markets and maintain this financing circuit that is vital to the economy, while at the same time protecting investors.

It is for this reason that the AMF, along with five other European authorities, decided to ban the creation or increase of net short positions at the national level, from 18 March to 18 May 2020. The AMF helped market participants to implement this measure and draw up their continuity plans. Market infrastructures, which were closely supervised, demonstrated their robustness despite periods of significant turbulence. On the asset management side, the AMF set up close monitoring of the liquidity of the funds that saw significant withdrawals or valuation shocks. The Authority assisted asset managers in mobilising liquidity management tools available to them and in using for the first time side-pocket funds introduced by the 2019 PACTE Law.

The AMF also contacted issuers, which had to adjust their market disclosures to reflect the impact of the crisis on their business activities, review their dividend payment policies and organise in camera general meetings. The AMF organised more than 100 meetings with companies and regularly published information for listed companies. The AMF also conducted an accelerated review of more than 50 bond issue prospectuses and 70 supplements between March and April. Lastly, the AMF stepped up its communications to retail investors, who turned overwhelmingly to the *Épargne Info Service* platform, which saw queries increase by about 35% in 2020 on the previous year, and increased its warnings about scams.

The AMF's actions during the crisis were also based on close coordination with other public authorities in France, regulators abroad, and European and international bodies. The AMF actively contributed to European and international work related to the crisis on key issues such as the impact of the crisis on money market funds, fund liquidity management, the impact of volatility on margin calls and the resilience of clearing houses, and the risks associated with the procyclicality of credit ratings. The AMF also took part in discussions at the European level in connection with the Commission's Capital Markets Recovery Package. The package proposes targeted changes to capital market rules, which will encourage the rapid re-capitalisation of companies and increased investment in the economy.

□ Achievements in 2020

▶ **Attractiveness of financial markets: actions supporting corporate financing by the financial markets and greater mobilisation of savings**

Making markets attractive, especially to SMEs, is a priority for the AMF, especially in terms of financing the recovery. With this in mind, and following publication in January 2020 of Eli-Namer and Giami's report, requested by the AMF Board, on stimulating investment research, the AMF, in its response to the European Commission's consultation on the MiFID II revision, proposed introducing proportionality in the inducement regime to boost coverage of small and mid caps. The AMF also proposed targeted measures at the national level in its April 2020 communication on shareholder activism to improve transparency and dialogue between issuers and shareholders. The European Securities and Markets Authority (ESMA) is also working to identify ways of easing regulatory requirements for listed SMEs.

Turning to retail investors, following the sharp fall in share prices in March, the AMF noted a marked upturn in interest in investing in equities. According to transaction reporting data provided by French financial institutions, more than 150,000 new investors bought SBF 120 shares in March 2020. These new clients are between 10 and 15 years younger than regular investors in French equities. One of the challenges of the educational initiatives launched during the year was to provide these new investors with the information they need to understand the prevailing economic and financial environment. The AMF and ACPR organised a series of *Rendez-vous de l'Épargne* events in the autumn to raise public awareness of the role of savings in financing the economy. More than 40 meetings were held (in webinar form due to the health crisis). In partnership with the French National Institute for Consumer Affairs (*Institut National de la Consommation*), the AMF designed its first MOOC on savings, an online course for the general public, with sessions running from October to November 2020.

▶ **Supporting European strategic plans for the Capital Markets Union (CMU) and digital finance**

The first year of the new term of office of the European Parliament and Commission was a decisive period for defining the European Union's strategic projects in the financial sector. The European Commission presented its new action plan for "a Capital Markets Union for people and businesses". The AMF welcomes this initiative, which gives fresh impetus to the CMU project and comes at a time when the crisis and looming Brexit turmoil have accentuated the need to build dynamic, integrated and competitive capital markets for the EU27 that are capable of financing the recovery and ensuring its strategic autonomy. As the AMF expressed in its responses to the European Commission in 2020, this plan must be supported in its entirety, whether it concerns the implementation of projects such as the European Single Access Point (ESAP) and a European consolidated tape, the organisation

and functioning of supervision at the European level, or regulatory changes aimed at making listing easier and encouraging long-term investment.

The AMF also welcomes the publication of the European Commission's digital finance strategy (September), which will help to establish the CMU as a key factor in developing European responses to the challenges of transformation in the financial sector. The guidelines it sets out echo the positions adopted by the AMF (publications available on [amf-france.org](https://www.amf-france.org)), advocating, for example, setting up a European framework for digital assets, similar to the mechanism introduced by France's 2019 PACTE Law. The Commission has proposed a regulation along these lines as part of its strategy for digital finance.

▶ **Sustainable finance: a pioneering French framework for providing investors with reliable information on ESG funds and a new tool for supporting the financial sector's commitment to climate**

The supply of environmental, social and governance (ESG) funds has grown dramatically in recent years as part of a global trend that reflects investors' growing appetite for "sustainable" products. In France, a clear acceleration of this trend has been observed since 2019, accompanied by a more widespread use of marketing on ESG themes. To ensure that investors are properly informed and, more particularly, to prevent the risk of greenwashing, the AMF reached a major milestone in March 2020 by publishing its first policy on non-financial approaches used in collective investment schemes. This policy, which was updated in July 2020, aims to ensure proportionality between the consideration given to non-financial factors in asset management and the space devoted to them in investor communications. It sets minimum standards for funds marketed to retail clients, where non-financial factors are a central component of the information provided. This policy is supplemented by the AMF's third report on non-financial approaches used in collective investment schemes, published in December.

This trend also reflects a growing awareness of the responsibility that the financial sector has in terms of the challenges posed by sustainable development. In July 2019, at a meeting chaired by the Minister for the Economy and Finance, the key organisations representing the Paris financial market made public commitments to combat global warming. At the same time, the ACPR and AMF announced a system for monitoring and assessing the climate commitments made by banks, insurers and management companies. They published their first joint report at the end of 2020, which looked in particular at financial institutions' thermal coal policies. The report notes that French financial players have relatively low exposure to coal and identifies areas for improvement in the methodologies and communication of the policies adopted. It is supplemented by an analysis of the reporting practices, based on the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), of ten major French players who have committed to this voluntary transparency approach.

▶ **Continuing the AMF's digital transformation**

Like many other organisations, restrictions imposed due to the health crisis have played a role in accelerating the AMF's digital transformation, not only through the adoption of tools for working from home (available since 2019), but also by modifying working methods and procedures (which are now mostly electronic) to achieve greater efficiency. The AMF has continued to modernise its information systems, as evidenced by the launch of the new AMF website in February and the integration of new reporting data into the ICY supervision platform – 100 billion lines were added in 2020 compared with 24 billion in 2019. The AMF is also making progress in the field of artificial intelligence, for example by deploying tools for investor protection (monitoring offers) and market supervision.

2021 PRIORITIES

PRIORITY 1: Be fully engaged to overcome the health and economic crisis

Provide support to issuers to help finance the business recovery and ensure the quality of the dialogue between issuers and shareholders

At a time when the business environment continues to be shaped by developments in the COVID-19 epidemic and the associated health measures (albeit to different extents depending on the type of business), the AMF will continue to support listed companies in their communications and financial transactions and will remain attentive to companies in difficulty. The AMF wants to make it easier for companies to obtain financing from the markets, which is essential for a lasting economic rebound. After many companies resorted to debt on a large scale, the AMF will especially support companies that want to raise equity capital on the markets, by deploying the European Recovery Prospectus. Aware of the challenge of accurate financial communication in a peculiar context, the AMF will seek to provide issuers with the answers and recommendations they need to ensure that investors are properly informed. Indeed, while some companies will be required to disclose changes to their business models in response to the crisis, all companies will have to report on the impact of the crisis in the short term (operational management, business activity, cash management, etc.) and on their structural outlook (changes in risks, corporate strategy, financial trajectory, etc.).

Given the health situation, a large majority of issuers have decided to hold in camera general meetings in 2020, an option available to them under the exceptional provisions introduced by Ordinance 2020-321 of 25 March 2020. The AMF's 2020 report on corporate governance paints a contrasting picture. The AMF hopes that the experience gained will lead to general meetings being organised in a way that is better suited to this digital age, thereby enabling shareholders to vote and participate live and remotely. In particular, the AMF will ensure that the conditions for remote voting and remote participation provided for in Ordinance 2020-1497 of 3 December 2020, extending the exceptional provisions until 1 April 2021, are applied.

Propose regulatory changes in response to the turmoil of spring 2020 and the challenges of financial stability in the asset management industry

From the perspective of the financial markets, the health crisis was a catalyst for risks that had for the most part already been identified, even if the magnitude of the shocks observed in March 2020 exceeded the assumptions of the stress tests used: excessive valuation of markets that suffered a sharp correction, high indebtedness, low bank profitability, political risks, etc. Other, more unexpected risks emerged, such as the significant drying up of liquidity in certain segments (in the money markets, for example). In 2021, the AMF will complete a number of assessments, often conducted in partnership with other institutions in France and abroad, that will be used to build responses to the weaknesses in financial regulation revealed by the crisis. It will also involve refining crisis simulation scenarios and crisis management plans with financial market participants.

Within the AMF's jurisdiction, the asset management industry, whose resilience was severely tested during the crisis, has in recent years come under increasing scrutiny from regulators and central bankers in terms of financial stability. Central to the discussions is the issue of liquidity risk management, particularly for open-ended funds, which is being addressed at several levels. ESMA is coordinating a Common Supervisory Action (CSA) on the liquidity risk of UCITS. However, this work has been postponed to ensure that the effects of the crisis are considered and will now be completed in early 2021. The International Organisation of Securities Commissions (IOSCO) also addresses the subject in its Financial Stability Engagement Group, which is co-chaired by the AMF and US-CFTC chairmen. The European Systemic Risk Board (ESRB) and the Financial Stability Board (FSB) have also prioritised the subject on their work programmes. The revision of the Alternative Investment Fund Managers

(AIFM) Directive in 2021 and, if necessary, the UCITS Directive provide an opportunity to strengthen the European framework and address financial stability issues (including leverage risk).

Finally, the AMF will make public its analysis of the transitional difficulties faced by money market funds in spring 2020, with a view to proposing changes to the regulatory framework if necessary, and will contribute to international work on the role of exchange-traded funds (ETFs) during this period.

□ Ensure that investors are educated, supported and protected against the risks associated with the new market environment

While the share price correction in spring 2020 fuelled renewed enthusiasm for equity investment among private investors, there is still considerable uncertainty concerning the health of the new market environment together with different and sometimes changing trends in relation to assets (based on type, business sector, geographical location, etc.). This situation places even greater importance on improving financial education among French people, emphasising the benefits of long-term investment for economic recovery and paying careful attention to the risk profile and investment horizon of savers. An agile educational approach to the various savings products is required, especially with the emergence of new offers such as those bearing the “Recovery” label that was set up by the Ministry for the Economy, Finance and Recovery in 2020.

Preventing scams and combating financial fraud will also have to adapt to the new market environment, particularly given the changing profile of savers and the resurgence of attempted online scams and fraud. In terms of prevention, the AMF intends to step up cooperation with its partners (the ACPR and police force). Financial intermediaries are also aware that they play a key role in protecting retail investors and that they must do more than just comply with their professional obligations. The AMF wants to support them in 2021 by providing them with information and raising their awareness. This will include a guide on the professional obligations applicable to marketing and a presentation on the issues involved in protecting vulnerable older people, etc.

PRIORITY 2: Participate in the reforms that will shape future financial regulation

□ Contribute to the Capital Markets Union and to legislative reviews with the threefold objective of protecting investors, financing the economy and ensuring European competitiveness

A new series of reforms will begin in 2021, based both on the implementation of the European Commission’s new action plan for the Capital Markets Union and on revisions to major pieces of legislation governing the operation of financial markets (Central Securities Depositories Regulation (CSDR) and the Markets in Financial Instruments Directive and Regulation (MiFID/R)) and improvements to savings and investment circuits in Europe (also MiFID/R, the AIFM Directive and the Regulation on European Long-Term Investment Funds (ELTIF). The CMU Action Plan also provides for a new legislative initiative in 2021 for introducing a European Single Access Point (ESAP) covering financial and non-financial information provided by companies.

The AMF will focus on three main areas in its contribution to the development of the European framework. The first objective will be to safeguard the interests of European investors through a protection framework that is more effective, notably in regards to cross-border activities, and better suited to their needs for advice and information. This will include strengthening cross-border supervision, by bringing supervision closer to the client base, with better regulation of the freedom to provide services. Responsibilities between supervisory authorities need to be clarified, for example, between “host state” and “home state” supervisory authorities for cross-border services, or between the product’s supervisory authority and the asset manager’s supervisory authority in asset management.

The second objective will be to encourage the mobilisation of savings to support corporate financing. The AMF will support measures to make capital markets more accessible to SMEs without weakening the transparency framework. These measures will include introducing a greater level of proportionality in the regulations applicable to investment research covering SMEs, considering the definition of thresholds, etc. SMEs will also be able to benefit from greater mobilisation of private financing with the revision of the ELTIF Regulation. The ESAP will also be a key tool for making the entire European market more accessible to businesses.

Lastly, the AMF is delighted that the competitiveness of Europe's financial markets is at the heart of the CMU's relaunch. Simplifying the rules to provide a more effective framework for the EU27, for example in the area of the MiFID transparency rules, is therefore a priority. The regulatory fragmentation that hampers the competitiveness of infrastructures and market participants must also be reduced: strengthening the central securities depository passport and creating a consolidated basis for post-trade transactions on equity markets are just two of a number of initiatives that must be set in motion in 2021. Lastly, broader consideration must be given to providing Europe with a framework that is sufficiently adaptable to cope with rapid market changes, particularly in comparison with the UK market, which could boast greater regulatory agility in the future.

□ Build the framework for innovative European digital finance markets

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 way at the European level.

The AMF wholeheartedly welcomes these two European initiatives, which were long-awaited to unblock a number of regulatory obstacles to innovation and create a single market for crypto-assets based on participant confidence and a more uniform approach to combating money laundering and the financing of terrorism. The AMF will encourage the co-legislators to be bold in defining the "pilot" regime, by allowing new entrants to benefit and by making it easier to develop innovative business models, for example. The AMF will support the definition and subsequent implementation of the European regime for digital assets, which will replace the national framework defined by the 2019 PACTE Law, and the construction of the European supervisory framework, which will be based on a European passport for providers.

The AMF will also contribute to the European Commission's legislative proposal on "digital operational resilience", drawing on the experience and expertise in cybersecurity gained alongside the financial market, resulting from the waves of SPOT inspections conducted in 2018 and 2020 on this topic. More generally, the AMF will support ESMA's initiatives (guidelines, Q&As) in order to remove regulatory obstacles and clarify the application of European rules to innovative areas.

□ Monitor market developments related to Brexit to support market participants and identify any adjustments to the regulatory framework that may be necessary

Against a backdrop of political uncertainty, the AMF has been working for several years to ensure a smooth transition and limit any major disruption resulting from the departure from the European Union of its main financial centre. In operational terms, the prospect of Brexit has already produced tangible changes for the financial sector: business relocations have begun, contracts have been transferred, etc.

However, the end of the transition period could have a more substantial impact on the European financial landscape, particularly in view of developments in UK and EU regulatory arrangements and approaches to equivalence. Changes in transaction volumes on EU infrastructures and the liquidity of the various market segments, in particular derivatives and similar, will need to be closely monitored. The AMF will therefore pay close

attention to the expected or collateral effects of the decisions taken and will continue to support market participants and supervise the deployment of new organisational arrangements.

Lastly, it is crucial that national and European regulatory frameworks be able to adapt to the new market environment for the benefit of European financial firms and retail investors (for example, in terms of calibrating the thresholds for the obligation to trade derivatives). This new environment will depend in particular on the regulatory choices made in the UK. The AMF will therefore maintain regular dialogue with the financial marketplace and its institutional partners, particularly to remedy situations of competitive imbalance.

Support the French financial market in implementing European regulations		
<p>The AMF assists market participants in implementing the European regulatory framework, whether based on European laws adopted by the European Parliament and the Council (Level 1), delegated acts adopted by the European Commission (Level 2) or guidelines and recommendations issued by European supervisors (Level 3). The AMF may have to propose legislative and regulatory changes or amend its General Regulation or Policy.</p> <p>In 2021, the following legislation will affect both the financial marketplace and the AMF:</p>		
	Level 1	Levels 2 and 3
Issuers	<ul style="list-style-type: none"> • Recovery Prospectus Regulation 	<ul style="list-style-type: none"> • Technical standards relating to the European Single Electronic Format
Asset Management	<ul style="list-style-type: none"> • Cross-border Distribution of Funds (CBDF) Regulation • Crowdfunding Regulation • Sustainable Finance Disclosures Regulation (SFDR) 	<ul style="list-style-type: none"> • Technical standards associated with the Simple, Transparent and Standardised (STS) Securitisation Regulation • ESMA Guidelines on Outperformance Fees in UCITS and certain types of AIFs
Market, Post-market	<ul style="list-style-type: none"> • Recovery Package amending Directive MiF2 (as regards investor protection, research and commodity derivatives) 	<ul style="list-style-type: none"> • Technical standards relating to the Central Securities Depositories Regulation (CSDR) Settlement Discipline Regime • Delegated act relating to FRANDT (fair, reasonable, non-discriminatory and transparent) commercial terms for the provision of clearing services • Technical standards relating to the Recovery Package

PRIORITY 3: Accelerate the transition to sustainable finance

- Help issuers to improve the quality of non-financial information and contribute to improving the robustness of European regulations on non-financial information**

The availability and quality of non-financial information provided by companies is essential to the development of sustainable finance, as this information permeates the entire investment chain.

Announced by the European Commission at the end of 2019 as part of its Green Pact for Europe, the forthcoming revision of the Non-Financial Reporting Directive (NFRD) in 2021 will therefore be crucial for ensuring that relevant information is provided to investors and all stakeholders in a company. The AMF will therefore take an active role in these discussions, particularly in relation to the proposals it made in its response to the European Commission’s

consultation in summer 2020. These proposals cover, for example, the content and reliability of information, the scope of companies required to report, and the governance of the future European reporting standard. The AMF will also defend its proposals on the regulation of ESG data providers.

At the national level, the AMF will carry out a new exercise to assess non-financial information statements (NFISs) in 2021 CSR reports, with the aim of guiding companies on raising the standards expected in this area. The work done in 2020 on TCFD reporting by financial institutions may be extended to the non-financial sector. For companies, the deployment of the EU taxonomy, and in particular the application of Article 8 of the Regulation on the reporting of sustainable business activities, will also be a matter for close attention.

□ Support the financial market in implementing the regulatory framework and in managing and integrating issues relating to sustainable finance and climate

The European Union has significantly improved its regulatory framework for sustainable finance by adopting the main elements of the European Commission's 2018 Action Plan. Several pieces of legislation have already come into force and new requirements will be implemented from 2021 onwards, with operational consequences for financial market participants.

In particular, investors and management companies will have to comply with the sustainability transparency requirements set out in EU Regulation 2019/2088 (known as SFDR), in addition to those defined in Article 29 of the French Energy and Climate Law (LEC) of 2019. In 2021, the new provisions on the integration of sustainability risks and the consideration of clients' ESG preferences will also come into force. The AMF will therefore strive to raise awareness and provide support to market participants, and will work to clarify any implications for the AMF's policy on non-financial reporting by funds. Another major challenge for market participants in 2021 will be starting to collect the data needed to publish the reports expected in 2022.

While the financial industry continues to structure itself to incorporate sustainability issues more effectively, the challenges in terms of training are considerable. The AMF therefore aims to support all financial firms on these issues, especially those in direct contact with clients. In consultation with the Financial Skills Certification Board, the AMF will therefore be offering a new optional module to complement AMF certification, aimed at providing a minimum level of knowledge on sustainable finance.

Lastly, in 2021, the ACPR and the AMF will continue to monitor and assess the climate commitments of the marketplace, including the progress made on the points for attention identified in their 2020 joint report.

□ Support innovative approaches to sustainable finance

Improvements in the French and European regulatory framework are accelerating the development of sustainable finance. The new requirements imposed by this framework are making practices evolve more rapidly, while opening up new opportunities for the entire financial sector and companies. This regulatory framework must also keep pace with financial innovation, while respecting the principles of investor protection. After all, it is through innovation that the financial sector can fully play its role in promoting sustainable transition and ensuring that environmental and social factors are given greater consideration in financing circuits.

The emergence in 2020 of new types of sustainable bonds, indexed on environmental and social performance, is one example. New asset classes will be involved (short-term financing, securitisation, derivatives, etc.) and new incentive mechanisms may be tested. The category of products with "sustainable investment as [their] objective" introduced by the SFDR regulation (Article 9) should also encourage ambitious investment strategies. New and complex legal issues will arise, as will supervisory issues. The AMF will be keen to support these innovations by assessing any regulatory obstacles and identifying possible responses as appropriate. Its guiding principles will continue to be maintaining investor confidence and promoting a more sustainable business model, while integrating as closely as possible into the European framework.

PRIORITY 4: Continue to roll out the objectives of the strategic plan related to supervision

As part of its #Supervision2022 strategic plan, the AMF is committed to implementing a new approach to its supervision, one that is more risk-based and refocused in its dealings with financial firms on the biggest issues. The aim is to strengthen supervisory resources and make the AMF's actions more effective, transparent and consistent by equipping itself with new monitoring and control tools. In 2020, the AMF conducted a review of its organisation and operating methods, the conclusions of which will be used in particular to implement the objectives of the strategic plan relating to supervision.

□ Ensure that law enforcement procedures remain effective and continue efforts to reduce delays

In situations that give rise to objections, the time between opening an investigation or inspection and the Enforcement Committee's final decision (approval of the administrative settlement or a decision on the merits of the case) is an important metric that the AMF will always strive to keep to a minimum. However, the need for international cooperation on most investigation cases and a growing number of procedural issues are contributing to increasing the time taken by law enforcement agencies. Following the strategic review conducted in 2020, the AMF decided to reorganise its legal enforcement teams and the Investigations Division to leverage the synergies between related functions, streamline resources and improve efficiency.

At the same time, discussions aimed at maintaining the effectiveness of enforcement activities, weakened by several decisions that call into question the AMF's right of access to connection data included on detailed mobile phone records (Court of Justice of the European Union), the scope of investigative powers during house visits (Court of Cassation), or the proper functioning of the administrative settlement procedure (Council of State). The AMF would like to bring these issues to the attention of the legislator with a view to maintaining the effectiveness of its enforcement activity.

□ Strengthen monitoring of asset management companies by streamlining procedures related to authorisations and by sharing information more effectively using the new ROSA extranet

One of the areas of the #Supervision2022 strategic plan concerns the choices made in the allocation of AMF resources to reduce interventions upstream (prior authorisations, preliminary document reviews, etc.) and reinforce interventions downstream (monitoring and control of market participants and products, post-approval and post-authorisation). The aim of this arbitration is to empower market participants and free up the means of intervention necessary to carry out more selective ex-post monitoring and controls. The implementation of this approach concerns, in particular, the asset management sector, where significant organisational changes are expected in 2021.

The launch of the ROSA extranet in early 2021 (following an initial test phase from December 2020) serves exactly this purpose, by increasing the amount of digital information shared between the AMF and asset management companies (AMCs). In a move towards simplification and a risk-based approach, the AMF has changed its policy so that certain changes that were previously subject to prior authorisation will now be reported by AMCs and will be subject to ex-post review. Excluding extensions to authorisations, only five changes will be subject to prior authorisation by the AMF. In addition, the AMC will be responsible for filing and updating all of the data referred to as master data (identity of the AMC, of its senior managers, etc.), documents such as the programme of activity, and other documents submitted at the time of authorisation.

□ Apply the risk-based supervision approach more broadly by expanding the use of data

The orderly development of data use in the AMF's different activities is essential for analysing risks and making supervision more effective. The creation of a new Data and Surveillance Directorate highlights the central role that data management will play in the AMF following its recent reorganisation, prompted by the review of the AMF's

transformation that was carried out in 2020. The new directorate will build on the achievements of the ICY supervision platform and have a cross-functional role in helping the AMF make more effective use of data.

The AMF will continue its work in the field of artificial intelligence. Its first AI applications have been in production since 2019 to monitor anomalies and potential market abuse. AI technology will also be used to prevent and detect scams, for example by using natural language processing algorithms to detect fraudulent websites, information that can then be used to alert the public. In 2021, the systematic use of data will gradually be extended to the asset management sector, leveraging the synergies of the new ROSA information system.



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