

PRIORITIES



2023

2023 priorities for action of the AMF

Priority No. 1. Promote finance that meets the investors' expectations

- Enhance financial education: use simple language and disseminate publications via targeted channels
- Take action on the marketing of high-risk offers and increase the impact of public action on their dissemination by influencers and social media
- Investigate the investment vehicle dysfunctions reported by retail investors and propose solutions to resolve them

Priority No. 2. Take up European and international challenges

- Participate in European work aiming at improving financial market resilience and efficiency
- Prepare market participants for the introduction of the European regulations on digital finance
- Act as a driving force in promoting European supervisory convergence
- Take a position on new European issues giving priority to investor protection

Priority No. 3. Improve the regulatory framework for sustainable finance and fight against greenwashing

- Support issuers in implementing the European Taxonomy and set up the new sustainability reporting standards
- Clarify the existing regulatory requirements and specify the operational implications for financial market participants in order to ensure their proper implementation and prevent greenwashing
- Promote the quality of sustainable finance information and ensure the satisfactory quality of the non-financial information published by the market participants involved
- Encourage the training of financial intermediaries and advisers and promote retail investors' financial education in terms of sustainability

Priority No. 4. Ensure robust and efficient supervision

- Continue to modernise the modernisation the relations with the Paris financial market participants and prepare the AMF's roadmap for the period 2023-2027
- Continue to develop enforcement policy and tools to keep pace with changing behaviours
- Strengthening the use of data processing to support the functional units
- Develop the AMF's attractiveness and mobilise its talents

FEEDBACK OF THE YEAR 2022

■ Annual priorities for deploying the #Supervision2022 strategic plan

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



THE STRATEGIC GUIDELINES OF THE #SUPERVISION2022 PLAN

1. Committing to a strong, integrated and internationally competitive 27-member EU
2. Developing supervision and our means of intervention
3. Supporting stakeholders, fostering innovation and contributing to the financing of the economy through an attractive financial centre and markets
4. Transforming towards a modernised, more open and agile AMF

This medium-term vision is broken down each year into priorities that reflect the progress made to date and changes in the institutional, economic and financial environment. The publication of these priorities and the annual supervisory priorities highlighting issues in the monitoring and supervision of regulated firms is designed to make the AMF's action more easily understandable for its various stakeholders.

This is especially significant in the context of the arrival of a new Chair of the AMF, Marie-Anne Barbat-Layani, in October 2022, when Robert Ophèle's term of office ended, while 2023 will mark the twentieth anniversary of the Autorité des Marchés Financiers.

■ Some key features of the 2022 priorities

❖ A context marked by developments in financial innovation and data

In 2022, major progress was made on European regulations in the area of the Blockchain and crypto-assets, but it also revealed the weaknesses of a system that underwent several major crises (Terra/Luna, FTX, etc.) which call more than ever for the setting up of a regulatory framework to protect investors and provide stability to the sector.

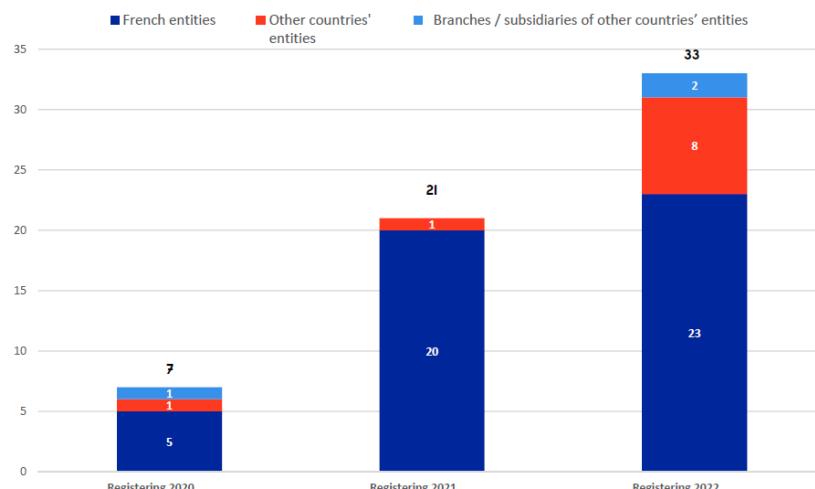
In the first half of the year, the AMF staff were mobilised to provide technical support for the French Presidency of the Council of the European Union, in particular concerning the draft European regulation on crypto-asset markets (*Markets in Crypto-Assets*, or MiCA). A policy agreement was reached on MiCA in the second half of 2022 following the phase of inter-institutional negotiations (trilogues) between the European Parliament, the Council and the Commission. This agreement is welcomed by the AMF, which very much hopes for a rapid entry into force to introduce a harmonised framework in the European Union.

In the first half of the year, the sustained pace of initial public offerings which began in 2021 continued, followed by a sharp slowdown in the second half. The secondary market for equities and the bond market saw sustained trading, and the AMF endeavoured to support fundraising by issuers on the Paris financial market participants by combining a concern for attractiveness and the protection of savings.

Based on the AMF's work proposing to create a regulatory exemption system on the European level for the development of a secondary market in security tokens, the European Regulation on a pilot regime for market infrastructure based on the distributed ledger technology ("pilot regime") was also the subject of an agreement in the first half of 2022 and then a publication in the Official Journal of the European Union. The AMF is fully involved in the development of a European digital finance strategy, has already received and assisted potential candidates, and is actively taking part in the work for adoption of the text with the European Securities and Markets Authority (ESMA).

Other notable events of 2022 were the definition of the European data strategy announced by the European Commission and deliberations on the opening of related financial data to investors (Open finance). The AMF accordingly published a position paper on the subject, supporting the establishment of such a system which could offer services and products that are more competitive and better suited to the needs of European investors, but reiterating that the basic principles of protection of data security must be complied with, and asserting the primacy of investors' interests as a fundamental principle of Open finance. The AMF also continued to define its own data sharing and processing strategy, for the benefit of all the AMF's business lines, but also for the public by laying the first brick of Open Data (data opening to the public).

Tableau 1. Optionnal DASPs registering since 2020



❖ The AMF's commitment to sustainable finance

Against the backdrop of a gradual strengthening of the European regulatory framework for which the operational applications are still to be stabilised in some cases, 2022 was a pivotal year with regard to sustainable finance. Accompanying the understanding and implementation of the regulations and ensuring their monitoring has constituted a major challenge for the AMF. Cooperation with the other regulators is an important aspect of its strategy for sharing French experience and reflecting jointly on the role of the regulator, the appropriate regulatory framework, and the approaches to be developed. The AMF accordingly took part in several major consultations, including:

- ▶ The European Commission's public consultation on Environmental, Social and Governance ratings (ESG ratings),
- ▶ The consultation of the European Financial Reporting Advisory Group (EFRAG) on the draft European standards on sustainability reporting as part of the preparation of the European Corporate Sustainability Reporting Directive (CSRD),
- ▶ The consultation of the International Sustainability Standards Board (ISSB) on the draft international standards on sustainability reporting.

On the national level, the AMF produced a policy statement concerning, in particular, the entry into force of the EU Delegated Regulation on the publication of information regarding sustainability in the financial service sector (the Sustainable Finance Disclosure Regulation, SFDR) for asset management companies.

The AMF continued its work to monitoring and evaluate French financial institutions' commitments to the fight against climate change and to achieve objective of carbon neutrality by 2050, set out in particular in the European Climate Law and the French national low-carbon strategy. On the occasion of its third joint report with the Autorité de Contrôle Prudentiel et de Supervision (banking and insurance supervisor, ACPR), the AMF therefore examined asset management companies' commitments and exposure to fossil energies. It also assessed implementation of the recommendations of the previous reports on monitoring of the climate commitments of financial institutions of the Paris financial centre with a view to speedy enforcement of robust, transparent and comparable policies on coal, oil and gas.

To assist market participants, several reports were published. The AMF proposed an insight into the initial Taxonomy reporting of listed companies, and an overview of the information provided in the 2021 financial statements on the impacts of climate change and the commitments made by the companies. Finally, the 2022 report on corporate governance and executive compensation in listed companies endeavoured to examine more in detail the Corporate Social Responsibility (CSR) governance of the selected sample of companies.

Lastly, in order to support and guide financial institutions and in particular distributors, which since August 2022 have been required to question clients regarding their sustainability preferences, the AMF has established a Sustainability Certification module specialised in sustainable finance. Seven training organisations were certified to conduct examinations which were able to start as of 2022. Several educational initiatives for professionals and investors were also undertaken, covering all the main themes relating to sustainable finance¹.

❖ **High level of involvement of the AMF on both the European and international levels**

In 2022, the AMF was again closely involved both with the European authorities, its everyday partners, and in international cooperation. In particular, it provided technical support during the French Presidency of the European Union for the revision of the legislation on European Long-Term Investment Funds (ELTIFs) and alternative investment funds (AIFM Directive) and to raise MEPs' awareness of the key subjects addressed in the AIFM Directive.

In the second half of the year, the AMF replied to several major consultations organised by the European Commission, in particular regarding work to define a financial instrument relating to a clearing policy.

¹ Communication on sustainability requirements in the distribution of financial instruments: review of coming regulations and their dates of entry into force (June 2022); Update of instructions concerning the organisation of AMF examinations and sustainable finance (July 2022); Communication on preferences with regard to sustainable development: what changes for investments (July 2022); Webinar on green finance - What solutions for your savings and how to speak about this with your adviser? (October 2022), etc.

The AMF was also involved, within ESMA, in work on European convergence, in particular the peer-review conducted by ESMA in 2022 of the work performed by several supervisors (the AMF included) in the context of Brexit. The AMF also took part in various forums and seminars with the industry on the legislative reviews underway on the European level in order to improve stakeholders' awareness of the issues raised by this work. In addition to these activities, further operational initiatives were taken with regard to supervisory convergence.

Internationally, the AMF took part in the work of the International Organization of Securities Commissions (IOSCO). Particular mention may be made of the finalisation in 2022 of the assessment of the conformity of national regulatory frameworks (including that of France) with the (2018) IOSCO Recommendations on liquidity management by funds, and the peer-review concerning implementation of the European "Prospectus III" regulation.

❖ **Extensive work on the monitoring of markets and asset management**

Regarding the monitoring of asset management, the AMF conducted technical studies and research throughout 2022 on the key theme of asset management, including some major achievements:

- ▶ Publication of the review of the European Common Supervisory Action (CSA) on asset management costs and fees. This study was supplemented by a second joint action concerning costs and fees at the level of financial instrument distributors;
- ▶ A revision of the policy applicable to fund managers and distributors for funds having high levels of fees despite their proximity to a benchmark indicator;
- ▶ The elimination of turnover commissions previously payable to asset management companies in the asset management business;
- ▶ A change in the framework surrounding the presentation of management fees for French collective investment products. Case referral to the Financial Sector Advisory Committee (CCSF) following the work of the Retail Investors Consultative Commission carried out to increase the clarity of fees for retail investors;
- ▶ Establishment of a system of incentives to use liquidity management tools, and in particular "gates", in fund management;
- ▶ An initial assessment of supervision of the systemic risk of AIF managers domiciled in France within the framework of the ESMA guidelines on the supervision of systemic risk ("Article 25 of the AIFM Directive") was also carried out, and asset managers were solicited on the subject, in particular to correct their data in the event of detected shortcomings.

In the area of market monitoring, the AMF contributed actively to the European supervisory convergence exercises in 2022. In addition to its participation in the European supervision exercise conducted by ESMA concerning ex-post information on costs and fees intended for retail investment clients, the AMF took part in coordinated actions to improve data quality (data quality reviews) and in the voluntary supervisory boards of several international financial groups. The AMF also answered several ESMA questionnaires, notably on algorithmic trading activities and on the business of "neobrokers").

❖ **Stronger action for the prevention of scams and for education of the general public**

Faced with new investment offers disseminated by increasingly powerful channels reaching a younger and often lower-income public, the AMF continued its action for the detection and prevention of unauthorised offers and market participants. It stepped up its operational collaboration with other public institutions such as the Direction Générale de la Concurrence, de la Consommation et de la Répression des Fraudes Directorate (General for Competition, Consumer Affairs and Fraud Control, DGCCRF) and the Autorité Nationale des Jeux (National Gambling Authority, ANJ), e.g. through regular exchanges of information, to better cover these new fields collectively, whether through forward studies of useful legal or technical tools, or else through more day-to-day

work of analysis of new offers on the boundary between the areas of jurisdiction of each of these institutions. It revised its cooperation agreement with the Autorité de Régulation des Professionnels de la Publicité (Advertising Business Regulatory Authority, ARPP) and set an ambitious roadmap on which it started out from the end of 2022 and which will be effective in 2023: review or creation of ARPP recommendations (including crypto-assets), financial module of the ARPP's Responsible Influence Certificate, and sharing of respective intelligence regarding influencers.

The AMF has maintained close contact with the public, providing educational material via webinars, and distance learning concerning savings and investment developed with the Institut National de la Consommation (National Consumer Institute, INC). It has also been present on new media with new formats (more short videos) in order to reach different targets, in particular the younger generation. The AMF's stronger regular presence on social media, e.g. via digital campaigns, supplements the scam prevention measures. Sponsored posts, content on the AMF website and the publication of video testimonials form part of this approach, with some great successes, e.g. on Tik Tok with 2 million impressions for the campaign from December 2021 to January 2022, then 2.4 million impressions for the June 2022 campaign.

❖ **Increasing modernisation of the AMF's relations with the Paris financial centre**

The roll-out of the ROSA tool, designed to completely digitise relations between the AMF and regulated market participants, continued in 2022. After being first used in 2021 for portfolio asset management companies, in 2021 the tool was extended to investment service providers and funding service providers. It facilitates data collection from the market participants and allows data sharing with the staff of the ACPR for these latter providers. Work to transfer to ROSA the 11,700 collective investment undertakings domiciled in France and their authorisation and transfer processes will continue in 2023.

A new tool called BEX for collaborative management of general-purpose and sustainable-finance certification databases has been opened to training organisations certified for AMF professional certification and to the Financial Skills Certification Board (HCCP).

❖ **Data analysis policy**

The enhancement of tools for statistical analysis of retail investor data aims to improve detection and provide more precise monitoring of marketing trends. In 2022, work was devoted to fine-tuning the artificial intelligence tools for detection of fraudulent websites and scams through the analysis of spams and the use of specific semantics.

Thanks to the potential offered by operation of the AMF's big data platform, tools enabling improved data processing were deployed in numerous departments for all the AMF's missions: protection of retail savings, but also detection and investigation of market abuse, financial information, and supervision of risks and market participants.

A major milestone in data sharing was also achieved in 2022 with the publication, via the "data.gouv.fr" platform, of a downloadable consolidated file, which is updated daily and allows automated processing of data on net short positions.

2023 PRIORITIES FOR ACTION

Priority No. I. promote finance that meets the investors' expectations

- Enhance financial education: use simple language and disseminate publications via targeted channels
 - ❖ Information that is useful and easy to read for retail investors, a prerequisite for informed investment

Against the backdrop of the drastic paradigm shift caused by rising interest rates and the resurgence of inflation, the enhancement of financial education has become essential, and the AMF will step up its educational communication activity for this purpose.

The great diversity of investment vehicles available to retail investors makes it essential to provide useful and easy-to-read information to contribute to informed investment. Accordingly, the AMF will be especially attentive to the clarity and intelligibility of the fees applied to investment vehicles, with the completion of work by the working group on fees of the Financial Sector Advisory Committee (CCSF) formed further to a referral by the AMF Board. By promoting a glossary of fees on the basis of the initial work of the CCSF, it will ensure the use of more standardised semantics by the professionals and will develop new educational content to assist retail investors. Promotion of the AMF's fee simulator present on its website, a veritable tool for raising awareness of the impact of fees, will contribute to this action. At the end of 2022, the now traditional risk-seeking and risk-averse mystery visits conducted in branch offices and on digital channels were covered by a joint exercise supervised for the first time by ESMA, with special emphasis on fees. The results will be reported to Paris financial market participant in the first half of 2023.

More generally, the AMF will endeavour to ensure the clarity of information and warning notices on financial products by developing consumer tests to adjust the information available to retail investors to ensure that it is understandable. The AMF will train its personnel in charge of the supervision of marketing documentation in a language that is simpler and understandable by all.

❖ Targeted financial education via social media

The promotion of investment offers on new promotion channels to an audience public that is not very familiar with financial investment, retail investors' specific needs regarding financial education, and the development of new types of financial scam are leading the AMF to develop educational communication rooted in the customary codes and language on communication channels commonly used by the groups in question (social media). Therefore, the AMF wants to enhance its knowledge of the retail investor population and diversify its communication formats. For this purpose, it receives funding from the European Commission through its structural Technical Support Instrument and works with the Organisation for Economic Cooperation and Development (OECD) to gain a better knowledge of the new investors who have entered financial markets recently, especially younger ones. The AMF will also use the findings of its Barometer to establish several investor profiles and substantiate its knowledge of changes in their profiles. On the back of these inputs expected in the third quarter of 2023, it will accentuate the targeting of its communication actions. In the meantime, it will be diversifying its formats with plans for short podcasts and a digital campaign targeting young people and focusing on the risks involved in trading. Other groups receiving special attention will include the professions.

❖ **Leverage the AMF's action to address new marketing challenges**

- **Identify new relays for the prevention of financial scams**

Given the scale of financial scams (€1 billion lost every two years) and the scammers' inventiveness both in choosing themes and in adapting techniques for convincing victims (identity theft, for example), the AMF must maintain its presence and determined action in this area. It must endeavour to find relays to leverage its action and wants to obtain even more support from the professionals than it receives at present so as to limit this phenomenon insofar as possible. Based on the good practices of certain financial institutions, which relay its messages and include alerts in their systems, the AMF will continue to raise the awareness of market participants so that they may roll out initiatives to reach groups that are less aware of these risks.

In 2023, the AMF will establish contact with some major social media platforms to raise their awareness of the problem of unauthorised product offerings and of the tools deployed by the AMF, such as the AMF blacklists and white lists.

- **Continue to support distributors for appropriate marketing**

The AMF will make sure to report the findings of the mystery visits to market participants. These will cover the traditional risk-seeking and risk-averse series. Three years after the last series of mystery visits, and following years marked by the Covid crisis, the return to the stock market or the arrival of certain retail savers, then the war in Ukraine and the resurgence of inflation, these mystery visits will make it possible to measure changes in commercial practices regarding discovery of the client profile and suitable advice.

The regulator intends to continue raising the awareness of financial investment advisers (FIAs) of its expectations concerning the protection of retail investors. New webinars, like what was done in 2022, will be conducted with the support of the regional branches of Banque de France, to discuss the AMF's expectations concerning investor protection, also based on information arising from the supervision and monitoring of these market participants.

- **Roll out sustainable finance certification on a larger scale**

The AMF plans to roll out its sustainable finance certification more massively in order to provide the Paris financial market participants with advisers having a good general culture regarding the institutional and economic framework and essential concepts of sustainable finance. This training is optional and available to all, and is intended especially for professionals working as salespersons, who, since August 2022 for investment service providers (ISPs) in January 2023 for financial investment advisers (FIAs), must obtain their clients' preferences with respect to sustainable investment under the new provisions of MiFID II.

- **Establish a diagnostic of preventive measures for appropriate marketing to vulnerable elderly people**

Following the publication in early 2023 of an independent academic report, the AMF and ACPR, within the framework of their Joint Unit, will publish an analysis of their diagnostic regarding the measures taken by institutions following the notice given by the regulators in April 2021 relating to the marketing of financial products to vulnerable elderly people: training and awareness raising for advisers, appointment of a vulnerability contact person, and heightened vigilance in internal processes and controls.

- **Take action on the marketing of high-risk offers and increase the impact of public action on their dissemination by influencers and social media**

- ❖ **Take action to address new techniques for the promotion of financial services**

Financial services have been "uberised" and financial offers that are often alternative to those of the traditional retail banks, and even those of online banks, are being promoted via new channels, such as social media or by influencers. Faced with the increasing use of these new marketing techniques and the appearance of multiform offers, in 2023 the AMF will establish a watch on influencers and will step up its watch on social media. For this purpose, it will acquire new technological tools.

The AMF will also be supported by exchanges of experience with the Direction Générale de la Concurrence, de la Consommation et de la Répression des Fraudes (DGCCRF) and the Autorité Nationale des Jeux (ANJ) to request new legal tools which would enable it to perform a more effective watch and to take action faster to block access to interfaces promoting unauthorised product offerings. The AMF will contribute to awareness raising and the training of these new advertising professionals by the design and roll-out of the "certificate of responsible influencer in the financial sector" in cooperation with the ARPP.

Moreover, dealing with illegal calls for investment and product offerings which appear improperly outside of any regulations implies not only identifying them, but also calling for compliance with the spirit of the existing regulations and the economic reality of the offering (e.g., for revenue sharing platforms). The AMF will be extremely attentive to this.

The AMF will also make its contribution, in light of its concrete observations in the field, to national and European general-purpose legislation undergoing revision (directive on distance marketing of financial services) in order to provide a safety net to deal with investment product offerings not hitherto covered by European law.

- ❖ **Supplement services for retail investors with new tools open to professionals and non-professionals**

In order to detect savings trends even more effectively, Epargne Info Service (<https://www.amf-france.org/fr/espace-epargnants/lamf-et-vous/epargne-info-service>), will be deploying a data visualisation tool for producing and visualising statistics in support of its activities in contact with retail investors.

Faced with a significant stream of atypical or fraudulent product offerings, in 2023 the AMF will allow professionals and non-professionals to access the new version of AMF Protect Epargne, and will expand the dissemination of blacklists via APIs.

The AMF will set up a tool designed to enhance its efficiency and the robustness of its verifications by investing in the creation of a first meta-search engine making it possible to check authorisations (registers, white lists, etc.) and identify warnings (blacklists, scams, etc.) coming from a larger number of channels.

Finally, the AMF will offer a new educational tool for viewing savings on its website, which will enable savers to better comprehend the allocation of their savings and therefore prepare their investment choices or arbitrages.

■ **Investigate investment vehicle dysfunctions reported by retail investors and propose solutions to resolve them**

❖ **Improve investment vehicles dedicated to long-term savings**

The AMF is attentive to feedback from retail investors (AMF Epargne Info Service platform) and their representatives (Retail Investors Consultative Commission) and takes it into consideration. It relies very extensively on the general recommendations of the AMF Ombudsman, an independent authority for the out-of-court settlement of disputes between private individuals and their financial intermediaries. Thus, it will pay special attention to improving the functioning of investment vehicles, especially those likely to affect a large number of retail investors. In 2023, the dedicated AMF working group will publish a document relating to the end of life of private equity funds, and the working group's conclusions regarding the personal equity savings plan (PEA) are awaited.

The handling of complaints expressed by savers and investors will remain the subject of very close attention.

❖ **Position the regulator on emerging products and marketing methods**

In 2023 the AMF will launch "exploratory" enquiries concerning crypto-assets on the one hand, and social media and influencers on the other hand, and, lastly, the marketing of "atypical" products (tax arrangements, "exotic" or complex products). In particular, the AMF plans to further ramp up its monitoring policy with regard to the digital distribution of market participants and products, but also regarding non-financial communication (ESG, sustainable finance). It will be supported by its ICY platform and artificial intelligence to analyse the language of these communications and thus target its action better.

Moreover, pending the entry into force of the European MiCA Regulation (see below), the AMF will endeavour to promote the establishment of a very demanding national framework concerning digital asset service providers. This will aim to ensure the transition between the digital asset service provider (DASP) regime, a pioneer in its kind, and the future MiCA Regulation, in an environment of stricter global vigilance.

Priority No. 2. take up european and international challenges

■ **Participate in European and international work aiming at improving the resilience and efficiency of financial markets**

The shock engendered by the Covid-19 crisis in March 2020 aroused great concern among market regulators and central bankers, with the latter considering that their unprecedented intervention had illustrated the fact that the financial markets were insufficiently resilient and should therefore be reformed. The non-bank sector was focused on in particular, and especially asset management. The AMF contributed actively to this work in the wake of the health crisis, and the work will continue in 2023.

International work carried out at the instigation of the Financial Stability Board (FSB) in cooperation with the International Organization of Securities Commissions (IOSCO) will concern primarily:

- ▶ The resilience of money market funds and the short-term financing market. The proposals made for reforming money market funds in a report published in 2021 will give rise at the end of 2023 to an inventory of the reforms implemented by the various jurisdictions concerned. As an extension of this work, an in-depth analysis of the functioning of the underlying market will be performed in 2023;
- ▶ Liquidity management by investment funds. The reinforcement of liquidity management by investment funds was identified as a major area for improving the resilience of investment funds in the event of a crisis (i.e. when market liquidity decreases, sometimes sharply).

In parallel, on the European level, the review of the Directive on Alternative Investment Funds (AIFM Directive) and the ELTIF Regulation offers an opportunity to reconsider the liquidity requirements applicable to the asset management industry. The AMF will contribute to this work and will be strongly mobilised for drafting of the implementing acts, which will start in 2023. It will pay special attention to the uniformity of the applicable rules regarding liquidity management, in particular for ELTIF funds which are likely to open the way to Europe-wide marketing to retail clients of funds having an increased level of complexity and risk. Lastly, the AMF is preparing the revision of the European implementing acts for MiFIR, currently being reviewed by the Council.

Spotlight on measures to encourage the use of liquidity management tools

At the end of 2022, the AMF Policy and General Regulation were amended in order to facilitate the introduction of liquidity management tools, and in particular mechanisms for capping redemption requests ("gates"). With regard to redemption requests, fund managers can introduce the gates until 31 December 2023 without having to first write a letter to investors. Asset management companies deciding not to establish gates will have to forward to the AMF a recognition of the risks related to this absence and append a specific indication of this in their regulatory documents.

In 2023 the AMF will monitor the adoption of this measure by market participants.

■ Prepare market participants for the introduction of the European regulations on digital finance

The adoption of the European regulations on digital finance (MiCA and pilot regime) opens the way for their implementation. In 2023, European work will be carried out to produce "level 2" implementing acts to prepare for application of the MiCA Regulation. The AMF will also have to prepare the transition from the national framework in place since the PACTE Law of 2019 to the status of service providers regulated by MiCA. A clear transition plan will have to be established in order to assist national market participants that wish to receive European approval.

The adoption of the pilot regime regulation is no less crucial for EU competitiveness, since it will open up new prospects for European financial markets thanks to a maximum experimental period of six years for market infrastructures wanting to offer services on the blockchain. The entry into force of the legislation as of March 2023 will enable market participants to initiate an approval process. The national authorities, whose powers in France are shared among the AMF, the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and the Banque de France, will work to simplify the approval process for these market participants via a one-stop shop principle.

In 2023, the AMF should also be able to have a forward-looking view and anticipate reflection on a potential regulatory framework for decentralised finance activities ("DeFi"). The AMF is fully involved in the work of the Haut Comité Juridique de Place (Legal High Committee for Paris Financial Markets, HCJP), and shall contribute to the European work of the European Commission and to international work conducted by the IOSCO.

■ Act as a driving force in promoting European supervisory convergence

Together with the establishment of a single body of regulations, harmonisation of European supervision is an essential factor in the construction of the Capital Markets Union. To achieve this, and in line with its new strategic plan for 2023-2028 published at the end of 2022, the European Securities and Markets Authority (ESMA) has been conducting work since 2019 in conjunction with national authorities, such as the joint supervisory actions that are now familiar to regulated firms in the Paris financial market participants, and peer-reviews. During these reviews,

the supervisory practices of the national authorities may be reviewed and assessed by ESMA and by other corresponding authorities, so as to identify good and poor practices, and thereby help achieve supervisory convergence.

The AMF plans to take part actively in conducting these European exercises, which are taking up a growing place in its supervisory agenda. However, these convergence efforts have their limits. As stated in July 2021, the AMF is in favour of giving more powers of supervision to ESMA over certain entities and activities (the most significant ones, with a major cross-border aspect), and intends to support the implementation of ESMA's new strategic plan which implies a review of its supervision priorities. In this context, while the AMF calls for an improvement in the European standardisation process, it stresses the needs of convergence by prioritising convergence using case studies.

European supervisory convergence also implies planning and anticipating the scheduling of inspections carried out by the AMF. This scheduling can be performed in accordance with European supervisory news and issues, first by scheduling short, thematic "SPOT" inspections addressing common themes, but also taking into account the joint supervisory actions of ESMA and nurturing reflection on European legislation via a synopsis of the SPOT inspections carried out. Developing cooperation between competent authorities in Europe on the marketing of risky products entails an ability to make requests for cooperation within the framework of inspections of market participants exposed to the distribution of cross-border products, in particular financial investment advisers. For the latter, the AMF aims to share with the relevant authorities the conclusions of inspections concerning products marketed in several countries, and to carry out inspections on the investment services provided by incoming and outgoing branches of European investment firms and share the findings with the relevant national authorities.

■ Take a position on new European issues giving priority to investor protection

In a European schedule proposing legislation with a strong impact on retail investors, the AMF will endeavour to continue the work of education regarding crypto-assets ahead of the finalisation and entry into force of the MiCA Regulation, but also the sustainable finance legislation, with educational content drawing on the studies performed by its staff.

Moreover, within the framework of the draft European retail investment strategy expected to be finalised in the first half of 2023, the AMF will strive to promote an offer that is appropriate, diversified and useful for clients, via cross-cutting contributions to European thinking such as measures on fees (introduction of a concept of value for money) and to work on the "risky and complex product" concept and obtain transaction reporting data needed to carry out its investor protection role.

The AMF will also be mobilised on the positions that it expressed with a view to work relating to corporate listing (draft Listing Act) and with a view to a possible European initiative regarding financial transparency (Open finance). It will also take part actively in the work of ESMA's European committee devoted to investor protection (IPISC), which has been chaired since the end of 2022 by Ms Barbat-Layani.

Assist Paris financial market participants in applying European regulation

The AMF accompany market participants with implementation of the European regulatory framework, whether it be European legislation adopted by the European Parliament and the Council (level 1: directives, regulations), implementing regulations enacted by the European Commission in the form of delegated acts or implementing acts (level 2: delegated Regulations, technical standards) or convergence tools implemented by ESMA (level 3: guidelines, opinions and recommendations, Questions and Answers). At each of these levels and throughout the preparation process, the AMF may decide to propose legislative and regulatory adaptations and modify its General Regulation or its policy.

In 2023, the AMF will work on the following texts, either by preparing their entry into force, producing their related implementing regulations or for their first year of implementation by the Paris financial market participants:

Theme	Texts
Issuers	<ul style="list-style-type: none"> • Taxonomy Regulation: second year of application of the Article 8 delegated act (first Taxonomy alignment reporting) • CSRD : preparation of the EFRAG European Sustainability Reporting Standards (ESRS: enactment by the Commission in 2023)
Asset management companies and services providers	<ul style="list-style-type: none"> • Taxonomie Regulation: second year of application of the Article 8 delegated act (first Taxonomy alignment reporting) • Crowdfunding Regulation: expiry of the transition phase (November 2023) and convergence work (Questions and Answers) • SFDR: first year of application of the RTS and convergence work (Questions and Answers) • MiFID II: application of the new level-2 provisions concerning the inclusion of sustainability factors and convergence work (guidelines) • ELTIF Regulation: preparation of technical standards with a view to the entry into force of the amended Regulation • Securitisation Regulation: new reporting standards
Innovation and digital finance	<ul style="list-style-type: none"> • MiCA Regulation: preparation of around 30 implementing regulations (distributed among the AMF and ACPR) • Pilot Regime Regulation: work on adaptation of the national legislation with a view to the entry into force of the pilot regime
Market infrastructures	<ul style="list-style-type: none"> • CSDR: technical standards relating to settlement discipline • Regulation on the recovery and resolution of central counterparties: technical standard and guidelines

Several level-1 legislative proposals are still in the negotiation phase: MIFIR review, review of the AIFM Directive, European Single Access Point (ESAP), Green Bond standard, Corporate Sustainability Due Diligence directive - CSDDD); others were published recently (legislative package of 07/12/22 consisting of the Listing Act and a regulation amending EMIR). Finally, other legislative initiatives are foreseeable before the end of the current legislature: Retail Investment Strategy – with amendments to MiFID II and the regulation on key information documents relating to packaged retail and insurance-based investment products – PRIIPs) in particular, Open finance, and the supervision of ESG rating providers.

Priority No. 3. improve the regulatory framework for sustainable finance and combat greenwashing

Apart from the regulatory provisions to which Paris financial market participants such as the AMF devote substantial efforts, the AMF's action also aims to support the Paris financial market participants' thinking and commitments in financial sector transitions, and especially in favour of sustainable finance.

■ Support issuers in implementing the European Taxonomy and establishing the new sustainability reporting standards

The Taxonomy Regulation is a key part of the European framework for sustainable finance, establishing a common classification system which makes it possible to define, on the basis of scientific criteria, economic activities that are considered sustainable from an environmental viewpoint. Pursuant to Article 8 of the Regulation, from 1 January 2022 companies must publish Taxonomy-based indicators, which must be included in the non-financial information statements (NFIS). The first reporting will be in a simplified format, only covering the Taxonomy eligibility of companies' activities. In 2022, based on the NFIS review, the AMF published the first findings of this new exercise, in order to help companies better comply with the new requirements of this legislation; in 2023, they will have to publish data concerning their alignment with the defined technical criteria. Keen to assist issuers in this exercise of transparency, which may prove complex, the AMF will publish a report evaluating the first year of implementation of the Taxonomy alignment of companies' activities.

More generally, it is the entire corporate transparency framework that is going to change with the draft directive on sustainability reporting (Corporate Sustainability Reporting Directive – CSRD), adopted in a trilogue meeting in June 2022, then approved by the Parliament and then the Council of the European Union in November 2022. The CSRD lays the foundations for European standardisation of non-financial reporting, which establish the principle of double materiality and aims to provide relevant information for investors but also for all corporate stakeholders. The principle of double materiality consists, for a business, of reporting both on the influence of sustainability factors on its financial performance and on the impacts of its activities on society and the environment. The standardisation work was carried out at the level of the European Financial Reporting Advisory Group (EFRAG), which submitted the final drafts of the reporting standard to the Commission in November 2022. The AMF will contribute to the various European work and continue to inform and prepare the Paris financial market participants for the entry into force of the CSRD.

As a member of the IOSCO, the AMF will also support this organisation's efforts in favour of the international convergence of sustainability reporting standards, in relation with the standardisation work carried out with the support of the IFRS Foundation.

■ Clarify the existing regulatory requirements and specify the operational implications for financial market participants in order to ensure their proper implementation and prevent greenwashing

The transparency obligations of financial intermediaries constitute a first level of protection against the risk of greenwashing (or ESG-washing). These requirements have been reinforced substantially by recent European regulations. 2023 will be a key year in their implementation. Several provisions of the Sustainable Finance Disclosure Regulation (SFDR) apply to the financial sector since March 2021, supplemented by implementing regulations coming into force on 1 January 2023. The Taxonomy Regulation also requires that financial companies publish sustainability indicators.

The AMF is firmly advocating for a revision of the Sustainable Finance Disclosure Regulation (SFDR). This regulation was originally designed by the European co-legislators and the Commission as an ESG transparency regime. However, the self-classification of financial products by promoters according to the so-called Article 8 and Article

9 categories is now, *de facto*, perceived as a European labelling mechanism for financial products marketed as sustainable. In this regard, the AMF advocates the establishment of minimum standards for products stating a sustainability ambition in order to define a common understanding of what sustainable financial products are; this will help to reduce the risks of greenwashing which partly result from the ambiguity of the regulatory framework which is not yet sufficiently demanding. The AMF also contributes actively to ESMA's research work on a shared definition of the complex and multiform concept of greenwashing, its determinants and criteria, in order to draw conclusions from this regarding the role and the necessary powers of the EU supervisors to combat this phenomenon effectively and in a coordinated manner.

In addition to this first level of protection of the transparency regime, there are obligations to take into account sustainability criteria in investment advisory services, whether at the level of the client path, governance or the product offering. These obligations, introduced in 2021 by delegated acts amending MiFID II, also came into force in 2022. Likewise, the AMF will plead for a clarification of the rules and for improved links between legislative documents, especially on the European level via its participation in ESMA's essential work on this subject.

As part of its supervisory activities on the national level, the AMF will strive to accompany market participants in their complete reporting, to be provided pursuant to the implementing decree of Article 29 of the French Energy and Climate Law. It will continue to evaluate the implementation of its policy relating to collective investments including non-financial approaches (outlined in particular in its AMF Position-Recommendation DOC-2020-03) and will continue to collect the information contained in the documents, through the ICY platform, by Natural Language Processing. The AMF will be able to obtain support from the conclusions of the short, thematic SPOT inspections concerning ESG issues, started in 2022 and renewed in 2023 in order to enhance the reliability of the arrangements adopted by asset management companies to comply with their contractual ESG commitments.

■ **Promote the quality of sustainable finance information and ensure the satisfactory quality of the non-financial information published by the market participants involved**

Faced with the investor appeal of sustainable products, this market segment is becoming increasingly dynamic. Asset management companies largely depend on non-financial information for the creation of these products, and this underlying trend is expected to gather momentum. Therefore, in order to ensure the success of the transition and the credibility of the proposed products, it is expected that non-financial data should be available and reliable. The market for non-financial data, ESG ratings and other services continues to expand at a sustained pace in response to strong demand fuelled both by investor engagement in sustainable investment policies and by obligations resulting from a regulatory framework under construction (SFDR, Taxonomy, etc.). Given the failings identified by the AMF and its Dutch counterpart the AFM in their joint position paper published in December 2020, but also by the European Commission in January 2021 and by the IOSCO in November 2021, the AMF will continue to collect and analyse this data using data science, in order to accelerate the establishment of regulations for the providers of ESG data, ratings and services, particularly within the framework of the initiative supported by the European Commission in this area.

■ **Encourage the training of financial intermediaries and advisers and promote retail investors' financial education in terms of sustainability**

As indicated earlier (see Priority No. 1), the AMF plans to roll out its sustainable finance certification more broadly, in order to provide the Paris financial market participants with advisers who have a good general culture regarding the institutional and economic framework and the essential concepts of sustainable finance. Furthermore, sustainable finance represents a specific challenge for retail investors, given both the development of a rich and varied offering of so-called sustainable products and the emergence of conviction investing by some retail investors. Stepping up education in sustainable investments is therefore indispensable. This is one of the key objectives of the AMF, which will continue to develop various educational contents such as specific guides, creating educational material for consumers on television (Consomag), as well as providing news on these themes for retail

investors. This also implies understanding their expectations and their needs, as illustrated by the two studies published in 2021 on French perceptions of responsible or sustainable financial products and retail investors' expectations. They revealed a growing interest among individual investors but also a great need for explanations and transparency regarding this type of investment. This type of study will be repeated in 2023.

If they are better informed, retail investors will be better able to answer the questions of their financial adviser, who has been required, since August 2022, to question them concerning their sustainability preferences.

Priority No. 4. ensure robust supervision to boost financing of the economy

■ Continue to modernise the relations with the Paris financial market participants and prepare the AMF's roadmap for the period 2023-2027

Modernisation of the AMF's action will enable new steps forward in the transformation of communications with the Paris financial market participants and will go hand-in-hand with the widespread adoption of data processing for the benefit of all the business lines.

Completing the modernisation of communications with market participants will, in particular, involve putting into operation the ROSA platform (as a reminder, replacing the former BIO/GECO tool well known to professionals) for products by the end of 2023. This year will also mark the start of depositary/centralising authority reporting in times of crisis.

The year will also feature several key initiatives particularly regarding asset management:

- ▶ Strengthening of indirect supervision: finalising the work carried out with the auditors' organisation CNCC on the publication of a guide to relations between the AMF and the auditors of asset management companies and CIUs;
- ▶ A transition to the new European status of crowdfunding service providers (CSPs) replacing the pre-existing French arrangement: former crowdfunding intermediaries (CIs) and crowdfunding investment advisers (CIAs), with the issue of authorisations² to market participants adopting the new status;
- ▶ The "upstream/downstream" approach: ongoing processing for continuous supervision purposes of the data collected from various sources;
- ▶ Stepping up the identification and prevention of situations of inadequate equity of asset management companies, potentially harmful for investors.

In addition, and in a quite different area, the AMF will strive to encourage the opening up of its consultative commissions when they are reappointed, to ensure increased participation by the various stakeholders in the Paris financial market participants (experts, professionals, non-profit organisations, government departments).

All these initiatives will take place within the framework of the definition, implementation and operational application of the AMF's strategic priorities under its roadmap for the period 2023-2027.

² Previously, crowdlending was supervised by the ACPR; it is now also covered by the AMF in the same way as crowdfunding.

■ **Continue to develop enforcement policy and tools to keep pace with changing behaviours**

To cope with the challenges faced by retail investors and markets, the regulator must adapt its methods and secure its means of action for the future, adapting them to the new challenges. This requires, first of all, a strategy of investigation efficiency to boost the investigation powers of the AMF, further targeted opening up to critical issues and dynamic management of investigations and requests for international cooperation and, lastly, ongoing consolidation of relations with the principal investigation counterparts.

The AMF will also hold reviews of the consistency and coverage of inspection policy with regard to the types of market participants and themes inspected throughout the #Supervision2022 strategic plan, so as to maintain the intensity of inspections for fighting money laundering and terrorist financing (AML/CTF) and cybersecurity and, lastly, to improve the efficiency of the enforcement function (case management, proceedings and monitoring of deadlines, etc.).

Finally, the AMF may strive to optimise its resources, first by promoting the establishment of post-inspection outside audits by obliged entities in order to enhance the implementation of remedial measures, and by encouraging the obliged entities to conduct outside audits, as an alternative to the launch of an inspection.

Another major challenge in this context will be to optimise the functioning of the enforcement procedure. Priority measures for 2023 will help to strengthen the means of the AMF enforcement function, which intends to:

- ▶ adapt the range of action taken following regulatory infringements;
- ▶ adapt the powers of investigation and those of the Enforcement Committee;
- ▶ adapt the visibility of the action taken, especially regarding cooperation with the judicial authorities.

Strengthening the AMF's means of administrative policing will also be one of the means required to achieve the objective of efficiency of the regulator's action:

- ▶ by developing the possibility for the AMF to suspend the activity of defective market participants urgently (possibly pending an expulsion decision);
- ▶ by strengthening the AMF's power of injunction.

Ensuring better application of the rules means continuing, at the investigation level, to take a position on key issues, particularly market abuse. For the inspection activity, the main challenge will be to maintain and reinforce the supervision of financial products marketing to retail investors:

- ▶ ongoing enforcement inspection of FIAs marketing risky products, using the risk-based mass inspection approach;
- ▶ maintaining the system of support for FIA professional associations, when forwarding cases resulting from AMF inspections;
- ▶ increasing the professional obligations of FIA associations;
- ▶ ongoing inspections on the theme of distributors' marketing practices.

The AMF also plans to prioritise risks for investors and facilitate compensation of the victims, above all by targeting, in enforcement inspections, the risks for investors with regard to non-organisational compliances and encouraging, insofar as possible, the compensation of investors via administrative settlement procedures.

- **Strengthening the use of data processing to support the functional units**

- ❖ **Optimise internal operations**

Against the backdrop of changes in critical market issues, the AMF plans to optimise its procedures, particularly with regard to supervision, enforcement activity and investor protection, and to deploy cross-cutting knowledge management. This also involves the adoption of an information system roadmap based on exchanges with market participants (InDECx, ROSA, ADELE), the optimisation of internal tools (Forensics/Relativity), and support for the data roadmap.

As part of the strengthening of "downstream" supervision of regulated market participants, the staff of the AMF Asset Management Directorate were accordingly supported in 2022 by new tools, mostly based on processing of the data available to the AMF (see above).

- ❖ **Increase the use of data in supervision activities**

The use of existing data coming from various reports was strengthened (e.g. as part of supervision of the systemic risk posed by leverage, Article 25 of the AIFM Directive, or the publication since March 2022 of aggregate data on the population of money market funds), partly thanks to new tools, and new data sources were exploited, like the reporting system established in the last quarter of 2021 on failure to comply with investment restrictions in CIUs, now provided to the AMF each quarter.

Monitoring of the implementation of inspection follow-up measures (follow-up letters) is now performed in ROSA. The annual disclosure sheet ("FRA") provided by asset management companies was supplemented by new elements, and automatic alerts were developed based on this data. These alerts will continue to be deployed throughout 2023. Lastly, it should be noted that the ROSA tool has already made it possible, in an emergency situation, to collect data efficiently, quickly and specifically for supervisory purposes – e.g. to enable the regulator to have a recent view of the exposure of French funds and market participants to the various risks resulting from the invasion of Ukraine in early 2022, and to define the necessary supervisory measures on this basis.

On another level, joint work was carried out by the AMF and the auditors' organisation "Compagnie Nationale des Commissaires aux Comptes" (French National association of Auditors, CNCC) to produce a guide due to be published in 2023 on relations between the auditors of asset management companies and CIUs and the AMF staff, so as to facilitate exchanges of information within the framework provided for by law and by European regulations.

- ❖ **Continue to develop tools for collecting, analysing and sharing information**

Faced with increasing challenges relating to the use of data and the need to exploit resources efficiently, in 2023 the AMF will endeavour to continue developing tools and finalising the integration and development of specific tools for obliged entities during inspections and for persons questioned during investigations, and to assist market participants in using the tool and also, on the internal level, in continuing with projects for implementation of analysis tools.

In order to raise the awareness of as many people as possible, the AMF intends to step up its communication regarding investigations, inspections and sanctions. It will organise webinars with professionals (webinars with FIAs and webinars on SPOT inspections) and will step up communication concerning risky products and non-compliant commercial practices identified during inspections. Moreover, in 2023 the AMF intends to publish (jointly with the ACPR) a review of the inspections carried out in the past three years on the theme of financial instrument marketing.

Lastly, the AMF intends to maintain its commitment with regard to cybersecurity, by further improving the security of (cybersecurity) processes and infrastructure and by ensuring business continuity to contribute to the resilience of the national financial system (with, in particular, a participation in the Robustness Paris financial market participants group in which the ACPR also takes part).

■ **Develop the AMF's attractiveness and make effective use of its talents**

In addition to its priorities relating to supervisory work, the AMF plans to support the internal transformation initiated by the #Supervision2022 strategic plan with several levers of resources. That implies, in particular, the intention of assisting staff members for collective performance, and overhauling the work organisation at AMF against the backdrop of renovation of its offices and new work methods, but also remaining an active and inclusive employer encouraging internal mobility. Accordingly, in 2023 the AMF will continue its skills management programmes: training, support, recognition of expertise but also development of the employer brand. A Shadow Executive Committee (mirror committee of the Executive Committee consisting of young representatives of the various AMF functional units and directorates) was deployed in 2021 and the AMF will strive to support it in order to capitalise on new and diversified viewpoints, in relation with other *shadow executive committees* such as the one of Banque de France.

Finally, in 2023 the AMF will develop its Corporate Social Responsibility (CSR) policy via, for example, the production of a roadmap for reduction of its greenhouse gas emissions, and staff training and awareness raising regarding climate-related issues.

RECAP OF THE 2022 PRIORITIES FOR ACTION OF THE AMF

Europe

In the context of the French presidency of the Council of the European Union in the first half of 2022

- Enhance the transparency and integration of European capital markets
- Support the key role of asset management in financing the economy, while ensuring investor protection
- Prepare implementation of the European digital finance framework
- Contribute to European convergence with regard to supervision

Retail investment

- Work for a protective national and European framework for retail investors
- Facilitate retail investors' participation in capital markets and assist new investors
- Mobilise all market participants for the prevention of scams and bad marketing practices

Sustainable finance

- Support issuers in implementation of the European Taxonomy and contribute to the establishment of corporate sustainability reporting standards
- Ensure the effectiveness and credibility of the financial market transition and support marketplace efforts to fund the transition to a carbon-neutral economy
- Promote the development of appropriate labels and standards

Modernisation of the AMF's action

- Pass further milestones in the transformation of AMF's communications with Paris financial market participants
- Generalise data processing to serve all the functional units
- Overhaul the work organisation at AMF against the backdrop of the renovation of its offices and the expansion of teleworking



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