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Speech by Gérard RAMEIX, AMF Chairman

Sino-French Forum on Asset Management

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LIU Xinhua, Vice Chairman of the CRSC,

HONG Lei, Chairman of the Asset Management Association of China,

Arnaud de BRESSON, Chief Executive Officer, Paris Europlace,

Jean-François BOULIER, Strategic Committee Member of the Association française de la gestion financière,

Ladies and Gentlemen,

I am very glad and honoured to open, jointly with my colleague from the CSRC, Vice Chair LIU Xinhua, this Sino-French Forum on Asset Management. I have to say that a visit to China is always a fascinating and rewarding experience. I had many occasions to enjoy the Chinese hospitality during my previous visits, including during the 1st High Level Economic and Financial Dialogue between our

two nations here in Beijing in 2013, but I am delighted today to witness this new milestone in the dialogue between our two nations in the field of financial regulation.

Over the past years, financial markets have changed significantly. But there is no doubt that we have witnessed, here in China, a most fascinating evolution of capital markets which have developed with impressive speed and dynamism, thanks to the commitment of public authorities and the involvement of Chairman XIAO Gang in driving very important reforms in a short period of time. In particular, I have in mind the cross-border investment channel between Mainland and Hong Kong which is the Shanghai-Hong Kong Stock Connect program, as well as the most recent agreement between Mainland and Hong Kong on mutual recognition of funds. In addition, Chinese investment firms and banks have become important global players and many international firms are now present here in Beijing, in Shanghai or in Shenzhen.

Within that context, I am very pleased that the French-Chinese relationship remains of the highest quality and has become stronger and deeper. In March 2014, President XI Jinping, on his first State visit to France, and President

Hollande signed a joint declaration for a strategic French Chinese partnership, which sets ambitious goals for our nations in terms of political, economic and cultural relations. The relationship between the CSRC and the AMF should clearly be viewed as forming part of this undertaking.

Today's conference is a very important event, not least for the following three reasons:

- It is a very good example of the concrete initiatives that the partnership between the CSRC and the AMF can produce;
- It will hopefully mark a milestone on the pathway to a fruitful relationship between the Chinese and the French asset management industries;
- It exemplifies our common efforts within IOSCO to enhance international cooperation.

Since the signing of the Memorandum of Understanding between the AMF and the CSRC in 1998, followed by an exchange of letters in 2006, in which we set several orientations with the aim of strengthening our cooperation in terms of securities regulation, the relationship between the two authorities have gone stronger. Our teams in several areas of activity have built strong links. The AMF has had

the pleasure of welcoming several delegations from the CSRC to Paris and has also travelled to Beijing for very fruitful discussions with its counterpart.

And today we are here in Beijing for this conference on asset management, a common initiative we have been planning for some time and to which I am personally committed.

I believe that, at the international level just like within domestic boundaries, there is no fruitful business opportunity without market confidence, and no market confidence without an appropriate regulatory framework, so it is critical for industry participants from our two countries that we continue developing a mutual understanding of how we go about our job of regulating asset management. I am also very pleased that our two associations of asset managers, the Chinese AMAC and the French AFG, have worked collaboratively with us to set up this event. Without losing our primary objective, which is to protect investors and to ensure fair, sound and efficient markets, we regulators are keen to work with the industry to create a regulatory environment that is favourable to the development of business opportunities and innovation, as

well as to look at facilitating cross border relations, for the benefit of the financing of our economies.

In this regard, this conference is also important because it does, indeed, show the interest of Chinese and French asset managers to get together, to discuss issues of common interest, and, I hope, to explore ways of increasing the flow of business between our two countries. The Chinese market is developing fast and clearly offers new opportunities. For its part, France enjoys an excellent reputation in Europe and throughout the world for the high quality of its asset management sector.

The French asset management industry ranks amongst the world leaders with more than € 3,000 billion in assets under management, over 600 asset management companies and about 11,500 investment funds.

We are, in France, in an almost unique position within Europe in the sense that we deal with all aspects of funds regulation, the entire value chain of the asset management industry, from asset management companies to depositaries, all asset classes, and a full spectrum of customers, from institutional to retail investors; the consequence being

that the AMF is at the forefront of market developments. In addition, French asset managers are very skilled and able to offer investment strategies and products that meet the needs and expectations of investors. I take this opportunity to welcome the French delegation of asset managers. I have no doubt that they will find this event to be fruitful and that they will intensify their contacts with their Chinese counterparts.

With such a background, the AMF has developed over the years a comprehensive regulatory framework, within the European framework, and often, I should say, also by closely contributing to inspire that framework, in order to bring together constant financial innovation and a high level of investor protection.

This leads me now to the intensive work which has been going on at the European level to implement the reforms adopted in recent years, such as the so-called UCITS Directive, on collective investment schemes, the AIFM Directive on alternative investment fund managers and the directive on markets for financial instruments, MIFID, all three being key legislations on which the European framework for asset management is largely based. I will not

go into further details about these directives as you will hear more about them and their implementation in France during the next session. However, the European Securities and Markets Authority (ESMA), the European institutions, as well as national regulators, such as the AMF, have been actively engaged in preparing the technical standards needed for the good implementation of these texts. The objective of the European Union is indeed to guarantee a level playing field for market participants operating in Europe, conducive to the development of a dynamic, coherent and competitive Single Market.

Now that the reform period is substantially complete, the priority for Europe is to ensure that financial markets are capable of financing the real economy. The European Commission has recently launched an initiative to boost growth and jobs across Europe including through the establishment of a “Capital Markets Union”. The AMF is actively engaged in this debate and has called for a pragmatic approach, aimed at diversifying sources of funding for businesses and based on the effective implementation of post-crisis reforms.

As I was saying in my introductory words, I also think this event is important because it exemplifies the important work that the AMF does together with the CSRC and other fellow regulators on important issues at the level of IOSCO, the International Organisation of Securities Commissions.

Because globalisation is a given feature of the financial sector, cooperation between securities regulators has become of utmost importance for an efficient supervision of increasingly interconnected markets and IOSCO has undertaken a huge effort to enhance the level of cooperation amongst members. In particular, it has developed the Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information, the MMoU, which sets an international benchmark for cross-border co-operation. I have the honor of co-chairing with my colleague from the CSRC, Dr. QI Bin, the MMoU Monitoring Group which monitors the operation of the MMoU.

This gives me the opportunity to commend Chairman XIAO Gang for his commitment to IOSCO and to stress the importance of having the CSRC closely involved in IOSCO matters. The globalisation of markets goes hand in hand

with the development of big financial centres in emerging markets. The Chinese market has become one of the most important markets and it is of primary importance that we ensure fair and efficient markets as well as a level playing field for a sound competition between market participants. By committing themselves in this undertaking China and France contribute to the credibility of the overall process.

It is very timely that we have organized our forum today. Indeed, we face similar challenges and issues, in a context marked by a sluggish global macro-economic environment, the risks linked to persisting low interest rates and on the other hand, the consequences of a potential sharp rise in interest rates. Uncertainty will remain and, with it, strong likelihood that volatility will carry on prevailing.

In that context, regulators must act in order to contribute to help financial markets play their role in service to the economy. This means acting to rebuild issuer and investor confidence in financial markets. This also requires that we carry on acting to maintain market efficiency and integrity. To carry out this mission, although the environment in which we operate at national level is marked with its own characteristics, the CSRC and the AMF share common

values and approaches. Cooperation and integration are dear to us and we have each experienced their positive effect, we in the European Union and you in the ASEAN. Cross border regulatory cooperation is important, within regions and across regions.

Let me conclude by adding that I look forward to our growing cooperation with the CSRC and, to paraphrase the Chinese poet, WANG BO, “Friendships across the world make near neighbors of far horizons”.

Lastly, I would like to thank again our hosts for their warm welcome and wish everyone very fruitful discussions.

Thank You