

ANNUAL REPORT

2009



*Association française
des marchés financiers*

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on 15 May 2009

Editorial

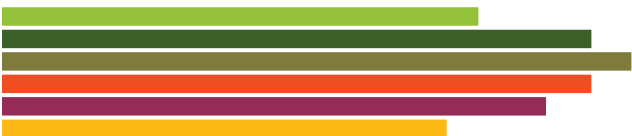
2009 was a challenging year for the collective initiatives conducted by AMAFI. At international level, the chief worry is the increasing breakdown in the political unity shown by the G20 in Washington in November 2008 on the need to reform the financial system. US priorities and solutions are drifting apart from those of Europe, to say nothing of Asia, which has little interest in a crisis that is not its own. Yet one of the lessons of the crisis is that we need coordinated action at international level. It is hardly reassuring that the same cracks can be seen in Europe, where countries are struggling to translate agreements on broad principles into effective, tangible measures.

There are concerns about the speed with which regulatory initiatives are moving ahead. While we do need to move swiftly on certain issues, it is more important to

of measures that go far beyond those applied elsewhere in the world. The new arrangements governing the pay of market professionals and the unilateral decision to tax bonuses are especially regrettable because they undermine the groundwork done by the High Level Committee on Financial Services in the last three years to make the Paris financial centre more competitive.

In this difficult environment, we are continuing to make a passionate contribution to work programmes and discussions, hammering home our message that the markets play a crucial role in financing the economy and channelling savings, particularly now as bank lending is being curtailed. Through initiatives such as its newly created scientific advisory board, AMAFI plans to increase its input in the public debate over the economic and social utility of financial markets.

AMAFI recently presented the unions with a new collective bargaining agreement. The result of 18 months of negotiations, the new agreement is better suited to the reality of our businesses, which are evolving all the time. We would like to take this opportunity to thank the members of the employers' delegation, who played an active part in the talks, led by AMAFI Vice Chairman Jean-Bernard Laumet.



be effective and avoid gumming up the financial engine that is so vital to economic development. Although in November 2008 AMAFI drew up an uncompromising assessment on the necessary areas for reform, we now want to point out that acting swiftly and acting hastily are not the same thing. This reminder is particularly timely because the breakdown in international political action can be largely traced back to this problem: insufficient technical analysis has resulted in multiple assessments and, by extension, solutions.

At home, our main concern is naturally the damage to the finance industry's reputation, a problem worsened in Europe by the Greek crisis. This is a serious issue. First because the markets play a more essential role than ever, as evidenced in its way by the Greek situation. Rather than throwing out the baby with the bathwater, political authorities must strike the right balance in their relations with the markets on which they rely. Next and above all, it is worrisome that in Europe, and especially in France, political authorities and public opinion are engaged in a self-perpetuating spiral that has led to the introduction



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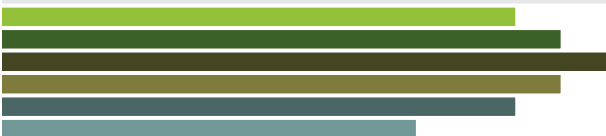
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The Board at 15 April 2010

- **Gilles Aupin**
Louis Capital Markets
- **Patrick Brault**
Natixis Securities SA
- **Patrick Combes**
Tradition Securities & Futures
- **Bernard Gavagni**
BNP Paribas Arbitrage
- **Stéphane Giordano**
SG Securities (Paris) SA
- **Catherine Langlais**
NYSE-Euronext
- **Sophie Langlois**
Dexia Securities France
- **Pierre L'asserre**
MF Global SA
- **Jean-Bernard L'aumet**
HSBC Securities (France) SA
- **Éric le Boulch**
CM - CIC Securities France
- **Bertrand P'atillet**
Crédit Agricole Cheuvreux
- **Philippe Tibi**
UBS Securities (France) SA
- **Charles-Henri de Trédern**
Oddo & Cie

The Executive Committee at 15 April 2010

- **Philippe Tibi**
Chairman
- **Jean-Bernard Laumet**
Vice-Chairman
- **Charles-Henri de Trédern**
Treasurer
- **Pierre de Lauzun**
Chief Executive



PROFILE



AMAFI

Association française des marchés financiers (AMAFI) represents professionals working in the securities industry and financial markets in France. Reflecting the diversity of firms and activities involved in the sector, AMAFI generates ideas and analyses for a business that is vital to the national economy.

AMAFI's work extends to all activities on regulated, unregulated, primary and secondary financial markets.

A focal point of market expertise for more than 20 years

AMAFI has been representing market professionals since 1988, when it was set up as the *Association française des sociétés de bourse* (AFSB). During this time it has worked unceasingly as an active contributor to the many consultations and reforms that have transformed financial markets and in assisting its members adapt to them. In line with these changes, the association has itself evolved over the years, particularly in recognition of the growing European and international



dimension to doing business in the financial markets.

The first visible manifestation of this gradual process of change came in 1996 when AFSB became *Association française des entreprises d'investissement* (AFEI). The change expressed the association's desire to work within the new legal framework arising from the transposition that same year of the 1993 Investment Services Directive. At the same time, AFEI became a member of *Association française des établissements de crédit et des entreprises d'investissement* (AFECEI), the organisation responsible for investment firms and credit institutions. Another step forward came in 2008, when the association changed its name to *Association française des marchés financiers* (AMAFI), highlighting the fact that its activities are of increasing interest to all mar-

ket participants, whatever their status. AMAFI is now the prime focus of the collective efforts of financial market professionals established in France. ■

AMAFI in 2009 Key figures

- **43** consultation responses
- **20** analytical and briefing memos
- **9** conferences and events
- **1** set of professional standards
- **9** standing committees and **7** *ad hoc* working parties

AMAFI reflects the diversity of firms and activities in the financial industry

■ More than **120 members** directly involved in the financial markets (intermediaries, banks, infrastructures), including independent firms and subsidiaries of French and foreign groups.

■ More than **10,000 financial professionals** operating in **all business areas** (broking, dealing, underwriting, corporate finance, etc.) and **all products** (cash and derivatives markets, equities, fixed income, commodities).



What we do

Our role is to represent financial market professionals in France. To that end, and with a view to national, European and international developments, we work closely with our members through standing committees and *ad hoc* working parties. Our effectiveness is directly related to our ability to contribute constructively to thinking on industry-critical issues. We are therefore committed to coordinating our efforts with other industry participants and with our sister organisations abroad.

AMAFI plays an active part in shaping the domestic, European and international regulations that provide the framework in which our members operate. It does this by conveying the industry's views and opinions to the institutions and authorities concerned. It also fosters collective analysis and informs members about issues of common interest.

Identifying the most appropriate regulatory solutions

One of AMAFI's top priorities is to ensure that the framework within which the industry operates is appropriate to our members' activities. Financial activities are increasingly heavily regulated, and the need for far-reaching reforms in the light of lessons learned from the crisis has given fresh impetus to this trend (cf. "Reforming the global financial system", page 20). When new laws and regulations are being drafted at domestic, European or international level, AMAFI seeks and promotes solutions that address the needs and expectations of its members, while ensuring that their business is not unduly restricted. Our success in meeting these objectives is directly related to the constructive nature of our contributions, which address the objectives of the proposed laws or regulations.

European and international standards, domestic oversight and sanction

Although the standards governing the financial industry are now chiefly European, or in some cases international, the functions of oversight and sanction are still carried out domestically. In consequence AMAFI is active at all three levels.

At the domestic level, our main talking partners are the Treasury, the securities regulator (AMF), the banking and insurance supervisor (ACP, ex-Commission Bancaire) and the financial intelligence unit Tracfin.

AMAFI is also extremely busy **at European and international level**. Its many institutional contacts include the European Commission, the Committee of European Securities Regulators (CESR), the International Organization of Securities

Commissions (IOSCO) and the Financial Action Task Force (FATF). To take its activities forward at this supranational level, AMAFI and its counterparts created two venues for discussion and coordination: the International Council of Securities Associations (ICSA), founded in 1989, and the European Forum of Securities Associations (EFSA), set up in early 2007. AMAFI has also been an associate member of the Futures Industry Association (FIA) since 2007, and in recognition of the growing influence of the International Organization of Securities Commissions (IOSCO) as a meeting point for the world's regulators, AMAFI has been an affiliate member of that organisation since 2005. In that capacity it is very active within the IOSCO's Self Regulatory Organisations Consultative Committee (SROCC). ►

Professional standards: an increasingly necessary response to the crisis

Professional standards are more necessary than ever as a complement to regulations in the financial sector. The crisis highlighted the urgent need to set frameworks for business practices, but without hampering the innovation that drives them. Professional standards are intended to supplement public standards in areas where they are useful. Applied to the financial industry, their proper enforcement can be checked by the regulator, which may also punish compliance failures. AMAFI professional standards have to be approved either by the securities regulator, the AMF, or the finance ministry; they may also be introduced as compliance standards on AMAFI's authority alone.

The code of conduct for liquidity agreements that the AMF accepted as a market practice in 2005 was based on a charter drafted by the association and updated regularly. In 2006 AMAFI and the AFG worked together to identify the conditions under which execution and consultancy fees may be segregated. This resulted in a charter on commission-sharing arrangements. Most recently, in late 2009, AMAFI defined a remuneration framework for financial market professionals.

► **Building an innovative employment framework for the industry**

AMAFI was a signatory of the national collective bargaining agreement for the securities industry (CCNB), which since 1990 has governed employer/employee relations for a number of its members. In this context, it represents employers in management/union discussions. AMAFI is convinced that, as competition intensifies, one of the things that will keep market activities in France is a modern collective employment framework that is suited to the highly specific nature of our industry. For this reason, it withdrew from the now-outdated CCNB in late 2008 in order to promote a new collective bargaining agreement for the industry – the CCNM – in collaboration with management and employee representatives (cf. “Taking a fresh approach to employment relations”, page 34).

The three main types of document issued by AMAFI

■ **Professional standards** apply to the entire industry. Implementation can therefore be controlled by the competent authority or authorities.

■ **Professional best practices** establish a recognised means of implementing a legal or regulatory obligation. They do not preclude the use of other equivalent – or more stringent – means of implementation.

■ **Professional recommendations** are an interpretation or means of implementing a legal or regulatory obligation. They do not fall within the category of professional standards or best practices.

A constructive viewpoint

To be effective, we need a precise understanding of our members’ wants and needs. We proceed in three stages:

- Our staff identify the major points that they believe require attention.
- This initial approach is honed by drafting a working paper setting out AMAFI’s position. The paper is produced by our members in the standing committees and *ad hoc* working parties.
- The working paper is submitted to the Board or the Executive Committee for approval before being forwarded to the relevant body and sent out to our members.

Initiating research and debate on matters of common interest

AMAFI is a forum for discussing and examining subjects of common interest to our members. Our main aim is to provide members with analytical tools to help them position themselves strategically with respect to changes in the operating environment. As part of this, AMAFI prepares master agreements for fields of activity that interest our members. We also prepare and circulate memorandums setting out the industry position on issues and queries that have been referred to us, in the form of professional best practices or professional recommendations (see box at left).

Informing our members

AMAFI keeps members informed about developments and trends in their operating environment. We comment on the major statutes and regulations which affect that environment, analysing the issues from our members’ perspective. AMAFI ►

AMAFI master insurance policy

Offering flexible coverage options that truly reflect the activities of AMAFI members, the insurance master policy is totally optional and reserved for AMAFI members. The policy, which was updated at the end of 2007, offers a broad range of coverage and deductible choices and many other options to enable members to protect themselves against business risks such as professional liability, fraud/embezzlement, and computer abuse.

Recent AMAFI master agreements and professional standards

- 2009** ■ Remuneration of financial markets professionals – AMAFI standards
- 2008** ■ Standard securities note for equity issues with pre-emptive rights
 - AMAFI code of conduct for liquidity agreements (update of the 2005 edition)
 - Master liquidity agreement for Alternext
 - Master agreement for business introducers (update of the 2003 edition)
- 2006** ■ AMAFI-AFG Charter on commission sharing arrangements
 - AMAFI-FBF Code of Conduct: Due diligence by investment services providers taking part in a corporate financing transaction

Recent conferences

- **23 March 2010:** breakfast conference on taxation of bonuses
- **18 March 2010:** *Les Échos-AMAFI* conference on new regulations for the financial system and the system's stability
- **10 December 2009:** first joint meeting for bond and foreign exchange market professionals
- **8 December 2009:** AMAFI-CMS Bureau Francis Lefebvre conference on changes to VAT rules
- **7 December 2009:** launch of AMAFI standards on remunerating financial market professionals
- **19 November 2009:** AMAFI-Bluenext-BNP Paribas-CDC Climat-Orbéo conference on post-Kyoto carbon financing
- **29 September 2009:** *Les Échos-AMAFI* corporate finance conference
- **24 June 2009:** AMAFI-FDVA conference on MiFID
- **7 April 2009:** AMAFI-FBF-Paris Europlace conference on the post-G20 global financial system
- **12 February 2009:** AMAFI-AEDBF conference, in association with Crédit Agricole SA, on the new regime for public offerings



- ▶ also organises conferences, often in partnership with other organisations, that focus on specific questions of member interest, usually topical subjects.

Assisting members individually

Although our role is not to act as an outside consultant, from time to time AMAFI can help members tackle individual issues. Our aid is essentially confined to providing guidance, unless the question is one that actually turns out to concern all members. Unsurprisingly, most of the calls for help concern legal, tax and ethics issues.

Furthermore, while it does not act in lieu of a law firm, AMAFI accepts requests from members for assistance with disciplinary proceedings or controls ordered, for example, by the ACP or the AMF. Requests may also concern disputes arising from tax inspections. (In France, taxpayers can ask for their case to be examined by a local commission and can request assistance from a taxpayers' representative - in this case, AMAFI). In each situation,

AMAFI tries to help the member by providing a collective viewpoint.

Participating in the public debate on financial markets

The value of financial markets is regularly questioned in France, yet they play a key role in developing modern economies. Naturally, the crisis has strengthened the public's negative perceptions of the markets,

The AMAFI Scientific Advisory Board

Established in May 2010 and composed of market economists, academics, journalists and market practitioners, the AMAFI Scientific Advisory Board will raise the profile of industry professionals in topical debates over the economic and social value of the financial markets, the financing of the economy and the management of long-term savings. It will do this mainly by publishing articles on the markets, on their role in business financing and managing social risks, on growth and major social questions in general. It will also contribute to intellectual discussion of these questions via conferences and presentations to academic institutions and professional bodies. The Board's area of the AMAFI website will expand as its work progresses.

although it simultaneously showed why they are indispensable.

On the Board's initiative, AMAFI has decided to take a more prominent part in the public debate on the financial markets and thereby help to create a stronger market culture in France. We have adopted several initiatives in this area, including the establishment of a Scientific Advisory Board (see box) and the introduction of a forum (*Le Cercle*) on www.lesechos.fr. The first three articles written by Pierre de Lauzun - on punitive taxation of financial professionals, the strategic importance of markets for France, and financial industry reform - are examples of our involvement in topical issues. ■



Market Training Centre (IF2M)

A training centre set up by AMAFI, IF2M aims to meet the industry's specific requirements and addresses needs poorly served by existing solutions. Given the swift pace of change in the regulatory and operating environment, institutions have pressing staff-training requirements. IF2M's first assignment was to establish a market standard that firms could use as a basis for issuing professional licences to trade financial instruments on a regulated market. To meet the new requirements arising from the AMF General Regulation relating to professional licences for one category of personnel, IF2M has modified its training programme and examinations. It is also setting up a programme for institutional sales professionals similar to that for staff trading financial instruments. www.if2m.fr

Our media tools

AMAFI has boosted awareness of its work on behalf of its members by introducing and developing media tools. By raising our profile, these initiatives bolster the credibility of the opinions we express.

We have particularly strengthened two major means of communications in the past few years. This has involved an overhaul of the media we use, including newsletters and our website, in order to make them more accessible and update their content. We have also strengthened our relations with the press.

Communications to serve our members

AMAFI's information reach has extended over the years via our newsletters *L'Info AMAFI* and *AMAFI Financial Newsletter* and the website www.amafi.fr. These media are the keystones of our communications effort.

L'Info AMAFI, published every two months with a print run of more than 1,700, summarises the key issues

that AMAFI is working on at the national, European and international levels. In addition to these news stories, the publication carries a feature article dealing with a topical theme related to financial markets and businesses. Written primarily for members, the letter is also sent out to AMAFI's main talking partners - MPs, ministries, the Treasury, supervisors - to alert them to matters of specific interest to its members' activities. Now four years old, the newsletter will adopt a new format by the end of 2010. The aim is to impart fresh dynamism and devote even more space to current events.

L'Info AMAFI has an English-language stablemate, *AMAFI Financial Newsletter*, published three times a year and emailed to readers in Europe and elsewhere in the world. Organised around a feature article covering a current domestic or international theme, *AMAFI Financial Newsletter* provides an overview of the association's main activities in areas of interest to readers outside France.

Both the French and the English newsletters can be downloaded from www.amafi.fr. ▶





► **www.amafi.fr finds an audience**

AMAFI's website attracts more traffic as time goes on (see box). Visitors to the site's public area can find information about AMAFI and its members as well as its activities and public policy positions. In addition, the site contains key information about financial markets and businesses. There is also a press room.

The restricted area of the site provides direct and subscriber members with access to AMAFI's entire library of documents, including memos, consultation responses, documents and reports. It also features news about ongoing projects being handled by the committees and working groups. In addition, each committee has its own restricted area where documents can be shared.

In view of the increasing use of the website, AMAFI introduced new pages at the beginning of 2010. "Dossiers" offers direct access to the feature articles published in the various issues of *L'Info AMAFI*, while the latest AMAFI "Interviews" and "Tribunes" appearing in the press are available in the press room.

Members receive a monthly newsletter describing the main upgrades, and subscriber members are alerted by email whenever the site is updated. More than ever, www.amafi.fr is both an effective tool for AMAFI members and a showcase for outside visitors, notably foreign readers of its English version.

www.amafi.fr: heavy traffic in 2009

- 200,000 pages read, or almost 17,000 per month
- 40,000 visitors, or an average of nearly 3,500 per month
- The average visitor stays for 10 minutes and reads 6 pages
- 87% of visitors are in Europe, 19% in North America (a share 2.5 times higher than in 2008) and 3% in Asia.
- Among the most popular areas are "Library", "News" and the presentation sections (Who we are / What we do / Our members).

Press relations and partnerships

AMAFI maintains strong links with the economic and financial press and seeks to strengthen them further. Over the years, we have gained recognition with the media as a key contact on issues concerned with the financial markets.

Our efforts have paid off. AMAFI's press coverage was about 20% greater in 2009 than it had been in 2008, and in the special circumstances of the crisis our views were conveyed extremely well via articles, columns and interviews with AMAFI's Chairman and CEO. Press coverage has also diversified. The range of media now in contact with AMAFI now extends beyond economics and finance specialists to the general as well as the foreign press. The issues raised varied from the crisis and reform of the world financial system to MiFID, the banking employment institute (Observatoire des metiers) and the AMF's disciplinary powers. ■



Press review: a new offer for members only

Among AMAFI's new initiatives for 2010 is a master agreement available to members under which we will offer a daily press monitoring service at an attractive price. The service has been set up in association with Press Index, a media review specialist for companies and institutions.

Media sponsorship

In 2009 AMAFI started to sponsor events in partnership with the media. Our objective was to raise our profile by associating ourselves with major newspapers, and we therefore sponsored two conferences with *Les Échos*. At the first, on 29 September 2009, which focused on corporate finance, AMAFI Chairman Philippe Tibi participated in a roundtable discussion on the opportunities for the markets in corporate finance during the crisis. The second conference on 18 March 2010 was dedicated to new regulations for the financial sector and drew a very large number of participants. Many took the opportunity to debate with Michel Barnier, European Commissioner for the Internal Market and Services, and heard AMAFI CEO Pierre de Lauzun speak at the round table on new regulations as a guarantee against another crisis.

Standing committees and working groups

STANDING COMMITTEES

Legal Committee

Chair	Laurent Durand - HSBC France
Rapporteurs	Sylvie Dariosecq / Marie Thévenot - AMAFI
Karin Aganian	EDRIM SOLUTIONS
Philippe Arestan	CRÉDIT AGRICOLE CIB
Magali Augereau	J.P. MORGAN SECURITIES Ltd
Jean-Nicolas Barbier	GOLDMAN SACHS PARIS INC & Cie
Vincent Begon	BNP PARIBAS
Jean-Pierre Bornet	BPCE
Élise Bravo	EUROCLEAR France
Bertrand Bréhier	SOCIÉTÉ GÉNÉRALE
Henri Casadesus	MORGAN STANLEY SA
Jérôme Caye	BNP PARIBAS
Camille d'Hautefeuille	HSBC SECURITIES (France) SA
Cécile Degove	CDC PLACEMENT
Isabelle Dhellemmes	NEWEDGE GROUP
Céline Dontenville	BPCE
Sophie Drion	NATIXIS
Christophe Durupt	CRÉDIT AGRICOLE CHEUVREUX SA
Richard Exbrayat	BNP PARIBAS
Andreja Fajgelj	CITI GROUP GLOBAL MARKETS Limited
Pierre Fiset	CITI GROUP GLOBAL MARKETS Limited
Pauline Guérin	SG SECURITIES (Paris SAS)
Karen Halimi	ROYAL BANK OF SCOTLAND
Karine Jan	CM - CIC SECURITIES
Jean-François Jondeau	FÉDÉRATION BANCAIRE FRANÇAISE
Guiraudé Lame	NATIXIS
Jean Martinelli	DEUTSCHE BANK AG - Succursale de Paris
David Morlier	BANQUE NOMURA (France)
Marlène Müller	FORTUNEO

Nathalie Riez-Thiollet	J.P. MORGAN SECURITIES Ltd
Olivier Sabourin	CRÉDIT AGRICOLE CHEUVREUX SA
Patricia Salomon	EDRIM SOLUTIONS
Jean-Pierre Yon	CRÉDIT AGRICOLE SA

Compliance Committee

Chair	Xavier de La Maisonnette - SOCIÉTÉ GÉNÉRALE
Rapporteurs	Stéphanie Hubert / Marie Thévenot - AMAFI
Pascale Audoli-Holz	DEXIA HOLDING
Mathias Auguy	NATIXIS SECURITIES
Jean-Nicolas Barbier	GOLDMAN SACHS PARIS INC & Cie
Alain Belmont	SOCIÉTÉ GÉNÉRALE
Olivier Beyne	ODDO & Cie
David Blanchard	BPCE
Jean-Pierre Bornet	BPCE
Vincent Carrasset	BARCLAYS CAPITAL
Henri Casadesus	MORGAN STANLEY SA
Thierry Cazaux	AUREL BGC
Edouard Cochet	BNP PARIBAS
Delphine Colombel	CITI GROUP GLOBAL MARKETS Limited
Roger Da Rocha	KEPLER CAPITAL MARKETS
André Dazelle	CRÉDIT AGRICOLE CHEUVREUX SA
Roland de la Tullaye	NEWEDGE GROUP
Ludovic de Mallmann	UBS SECURITIES Group
Francis Desorgher	DUBUS SA
Laurent Durand	HSBC France
Charlotte Fantauzzo	DEUTSCHE BANK AG - Succursale de Paris
Thierry Georges	NATIXIS
Julien Guegen	BARCLAYS CAPITAL
Olivier Houdaille	EXANE-BNP PARIBAS
Fabienne Larroque	BNP PARIBAS EQUITIES France
Guillaume Loeuille	HSBC France





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 Dorothee Pirel CRÉDIT AGRICOLE
 CHEUVREUX SA
 Sandrine Réglioni ROYAL BANK OF SCOTLAND
 Philippe Reverre HSBC France
 Nassime Riazi CITI GROUP GLOBAL MARKETS
 Limited
 Nathalie Riez-Thiollet J.P. MORGAN SECURITIES Ltd
 Marianne Savel DEUTSCHE BANK AG -
 Succursale de Paris
 Stéphanie Tassin KEPLER CAPITAL MARKETS
 Laurent Texier ODDO & Cie
 Étienne Valence BNP PARIBAS ARBITRAGE SNC

■ Tax Committee

Chair Laurence Martinez -
 PROCAPITAL
Rapporteur Éric Vacher - AMAFI
 Sébastien Beaufre MORGAN STANLEY SA
 Bénédicte Binet NATIXIS
 Nathalie Brunet CM - CIC SECURITIES
 Pierre-Olivier Cohen UBS SECURITIES France SA
 Catherine de Bettignies BNP PARIBAS ARBITRAGE SNC
 Patrick Dégot EXANE-BNP PARIBAS
 Daniel Djibré ODDO & Cie
 Jérôme Dupard CRÉDIT AGRICOLE
 CHEUVREUX SA
 Mylène Gervy CRÉDIT AGRICOLE
 CHEUVREUX SA
 Francis Laudette NEWEDGE GROUP
 Nathalie Léonard HSBC SECURITIES (France) SA
 Rozenn Louvel PROCAPITAL
 Pilar Mabire SOCIÉTÉ GÉNÉRALE
 Nicolas Meunier HSBC SECURITIES (France) SA
 Benoît Morel BANQUE NOMURA (France)
 Anne Morillot NATIXIS
 Thérèse Nauleau SOCIÉTÉ DE BOURSE PAREL SA
 Strauss Emmanuel NATIXIS

■ AMAFI-AFTI Markets Committee - Equity Post-Trade

Chair Alain Pochet - BNP PARIBAS
 SECURITIES SERVICES
Rapporteur Emmanuel de Fournoux -
 AMAFI
 Henri Casadesus MORGAN STANLEY
 Yannick Gleyen PROXYM
 Sophie Langlois DEXIA SECURITIES (France)
 Bertrand Patillet CRÉDIT AGRICOLE
 CHEUVREUX SA
 Pierre-Dominique Renard LCH. CLEARNET SA
 Michel Scie BNP PARIBAS SECURITIES
 SERVICES
 Philippe Wald NATIXIS SECURITIES
 Sébastien Yousri NATIXIS SECURITIES

■ Corporate Finance Committee

Chair Bernard Vignoles -
 CRÉDIT AGRICOLE CIB
Rapporteur Sylvie Dariosecq - AMAFI
 Laurent Capes Deutsche Bank AG -
 Succursale de Paris
 Edouard Cochet BNP PARIBAS
 Stéphane Courbon MERRILL LYNCH FINANCE SA
 Sophie Drion NATIXIS
 Laurent Durand HSBC France
 Éric Forest ODDO & Cie
 Florence Gréau SG CIB
 Gauthier Le Milon BNP PARIBAS
 Jean Martinelli DEUTSCHE BANK AG -
 Succursale de Paris
 Cyril Michel HSBC France
 Antoine Tarnaud ROTHSCHILD & CIE BANQUE
 Isabelle Thizy ROYAL BANK OF SCOTLAND





■ Collective Bargaining Commission

Chair	Jean-Bernard Laumet - HSBC SECURITIES (France) SA
Rapporteur	Alexandra Lemay-Coulon - AMAFI
Jean-Claude Bassien	CRÉDIT AGRICOLE CHEUVREUX SA
Odile Boux	EXANE-BNP PARIBAS
Olivier Brot	ODDO & Cie
Éric Fichot	BNP PARIBAS ARBITRAGE
Christian Fine	UBS SECURITIES (France) SA

Véronique Laurent-Lasson	KEPLER CAPITAL MARKETS
Antoine Leca	GILBERT DUPONT SNC
Florent Mahe	NATIXIS SECURITIES
Nicolas Martin	AUREL BGC
Pascal Mathieu	GILBERT DUPONT SNC
Claire Ollivier-Montaroux	AVENIR FINANCE
Jean-Paul Pechery	ROTHSCHILD & CIE BANQUE
Éric Prodhomme	CRÉDIT AGRICOLE CHEUVREUX SA
Damien Rahier	PORTZAMPARC SOCIÉTÉ DE BOURSE
Cédric Richard	NATIXIS SECURITIES

■ Derivatives Committee

Rapporteur	Dominique Depras - AMAFI
Chair	Béatrice Ambrosi - NEWEDGE GROUP
Marc Arte	BNP PARIBAS ARBITRAGE SNC
Pascal Aumand	EXANE-BNP PARIBAS
Lionel Bec	TRADITION SECURITIES AND FUTURES
Christophe Josué	NEWEDGE GROUP
Constantin Langhade	NEWEDGE GROUP
JérômeW alewski	DUPONT-DENANT CONTREPARTIE

■ Commodities Committee

Chair	Stéphane Pellerin - BNP PARIBAS CIB
Rapporteur	Dominique Depras - AMAFI
Béatrice Ambrosi	NEWEDGE GROUP
Claire Anderson	POWERNEXT
Lionel Bec	TRADITION SECURITIES AND FUTURES
Jean-Loïc Begue-Turon	SIGMA TERME
Haroun Boucheta	SOCIÉTÉ GÉNÉRALE
Bertrand Bréhier	SOCIÉTÉ GÉNÉRALE
Jeanine Busserolle	SIGMA TERME
Antoine Chacun	ODDO & Cie
Stanislas de Calonne	GASELYS
Delphine Feyrit	LCH. CLEARNET SA
Jean-Philippe Folco	NEWEDGE GROUP
Brigitte Garabige	NATIXIS
Frédéric Gravier	LCH CLEARNET SA
Nicholas Kennedy	NYSE-EURONEXT
Marie-Agnès Laillier	SOCIÉTÉ GÉNÉRALE
Claire Laudrain	ORBEO
Benoît Marie	ORBEO
Philippe Marliacy	NATIXIS SECURITIES
Christophe Migeon	SG CIB
François-Xavier Olivieri	GASELYS
Néolida Olouman	BLUENEXT
Philippe Pesque	NEWEDGE GROUP
Lionel Porte	NYSE EURONEXT
David Rapin	BLUENEXT
Maud Rétif	CM - CIC Securities
Christelle Squibb	NEWEDGE GROUP
Éléonore Thiebaut	EPEX SPOT SE
Christophe Tindy	SOCIÉTÉ GÉNÉRALE
Sévérine Vailly	SOCIÉTÉ GÉNÉRALE

■ Mid Cap Committee

Rapporteur	Emmanuel de Fournoux - AMAFI
Alice Aymé	GILBERT DUPONT SNC
Hubert Brac de la Perrière	EXANE-BNP PARIBAS
Philippe Cassagnes	CM - CIC SECURITIES
Bruno Chekroun	SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING
Romain Colnet	SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING
Emmanuel Dampoux	AVENIR FINANCE
Robert de Vogüé	ARKEON FINANCE
Sophie Drion	NATIXIS
Patrick Eynard	CM - CIC SECURITIES
Marc Fiorentino	EUROLAND FINANCE SA
Éric Forest	ODDO & Cie
Jérôme Franck	AUREL BGC
Bruno Gaheri	CM - CIC SECURITIES
Alexander Gancz	SOCIÉTÉ GÉNÉRALE CORPORATE INVESTMENT BANKING
Cyril Gérard	CRÉDIT AGRICOLE CHEUVREUX SA
Olivier Ginot	ODDO & Cie
Cyrille Gonthier	PORTZAMPARC SOCIÉTÉ DE BOURSE

AD HOC WORKING GROUPS

— Money Laundering Group

Rapporteur	Stéphanie Hubert - AMAFI
Patrick Ballery	ODDO & Cie
Jean-Nicolas Barbier	GOLDMAN SACHS PARIS INC & Cie
Emmanuel Boyero	NATIXIS
Delphine Colombel	CITI GROUP GLOBAL MARKETS Limited
Julien Gueguen	BARCLAYS CAPITAL
Edwige Kpodehoun	HSBC SECURITIES (France) SA
Fabienne Larroque	BNP PARIBAS EQUITIES (France)
Mounira Lehbili	BNP PARIBAS
Serge Mardirossian	EUROPÉENNE DE GESTION PRIVÉE
Marc Oberrieder	CRÉDIT AGRICOLE CHEUVREUX SA
Pascale Reverdito	ROYAL BANK OF SCOTLAND
Nathalie Riez-Thiollet	J.P. MORGAN SECURITIES Ltd
Ellen Schmidt	NATIXIS
Stéphanie Tassin	KEPLER CAPITAL MARKETS
Thierry Villie	SOCIÉTÉ GÉNÉRALE

— Restricted Lists and Watch Lists Group

Rapporteurs	Stéphanie Hubert / Marie Thévenot - AMAFI
Pascale Audoli-Holz	DEXIA HOLDING
Jean-Nicolas Barbier	GOLDMAN SACHS PARIS INC & Cie
Henri Casadesus	MORGAN STANLEY SA
Édouard Cochet	BNP PARIBAS
Xavier de La Maisonneuve	SOCIÉTÉ GÉNÉRALE
Christophe Ferrand	SOCIÉTÉ GÉNÉRALE
Delphine Juy	NATIXIS
Étienne Valence	BNP PARIBAS ARBITRAGE SNC

— CRBF 97-02 Group

Rapporteurs	Stéphanie Hubert / Marie Thévenot - AMAFI
Pascale Audoli-Holz	DEXIA HOLDING
Françoise Bonfante	UBS SECURITIES France SA
Aurélié Cauche	NATIXIS
Yann Célérier	SOCIÉTÉ GÉNÉRALE
Yann Couvet	EXANE-BNP PARIBAS
Roger Da Rocha	KEPLER CAPITAL MARKETS
André Dazelle	CRÉDIT AGRICOLE CHEUVREUX SA

Carine de la Cotardière	ROTHSCHILD & CIE BANQUE SOCIÉTÉ GÉNÉRALE
Xavier de La Maisonneuve	UBS SECURITIES France SA
Ludovic de Mallmann	DUBUS SA
Francis Desorgher	BANQUE NOMURA (France)
Jérôme Dion	POWERNEXT
Asmae El Adlouni	EXANE-BNP PARIBAS
Catherine Frenzel	NATIXIS
Georges Thierry	TRADITION SECURITIES AND FUTURES
Bruno Pabst	HSBC France
Benoît Papillard	EUROTRADING CAPITAL MARKETS
Marc Rein	CITI GROUP GLOBAL MARKETS Limited
Nassime Riazzi	CRÉDIT AGRICOLE CHEUVREUX SA
Gladys Teale Moulines	

— Market Abuse Group

Rapporteurs	Stéphanie Hubert / Marie Thévenot - AMAFI
Pascale Audoli-Holz	DEXIA HOLDING
Jean-Nicolas Barbier	GOLDMAN SACHS PARIS INC & Cie
Alain Belmont	SOCIÉTÉ GÉNÉRALE
Françoise Bonfante	UBS SECURITIES (France) SA
Jean-Pierre Bornet	BPCE
Henri Casadesus	MORGAN STANLEY SA
Aurélié Cauche	NATIXIS
Édouard Cochet	BNP PARIBAS
André Dazelle	CRÉDIT AGRICOLE CHEUVREUX SA
Xavier de La Maisonneuve	SOCIÉTÉ GÉNÉRALE
Fabrice Fasoli	CONFÉDÉRATION NATIONALE DU CRÉDIT MUTUEL
Francis Furlanetto	NATIXIS
Edwige Kpodehoun	HSBC SECURITIES (France) SA
Fabienne Larroque	BNP PARIBAS EQUITIES (France)
Jean-Pierre Lignot	SOCIÉTÉ GÉNÉRALE
Alexandra Nallet	SG SECURITIES (Paris SAS)
Marc Oberrieder	CRÉDIT AGRICOLE CHEUVREUX SA
Dorothee Pirel	CRÉDIT AGRICOLE CHEUVREUX SA
Yannick Rayer	SOCIÉTÉ GÉNÉRALE
Nathalie Riez Thiollet	J.P. MORGAN SECURITIES Ltd
Laurent Texier	ODDO & Cie
Étienne Valence	BNP PARIBAS ARBITRAGE SNC



Major Shareholdings Group

Rapporteurs	Sylvie Dariosecq / Marie Thévenot - AMAFI
Pascale Audoli-Holz	DEXIA HOLDING
Magali Augereau	J.P. MORGAN SECURITIES Ltd
Jean-Nicolas Barbier	GOLDMAN SACHS PARIS INC & Cie
Jean-Pierre Bornet	BPCE
Henri Casadesus	MORGAN STANLEY SA
Christine Ceza	BNP PARIBAS
Delphine Colombel	CITI GROUP GLOBAL MARKETS Limited
Françoise Colyn	CRÉDIT AGRICOLE SA
Camille d'Hautefeuille	HSBC SECURITIES (France) SA
Xavier de La Maisonneuve	SOCIÉTÉ GÉNÉRALE
Sophie Drion	NATIXIS
Laurent Durand	HSBC France
Jean-Louis Emery	DEUTSCHE BANK AG - Succursale de Paris
Richard Exbrayat	BNP PARIBAS
Evelyne Gaultier	BNP PARIBAS
Franck Grandfils	CRÉDIT AGRICOLE CIB
Karen Halimi	ROYAL BANK OF SCOTLAND
Françoise Herbreteau	SOCIÉTÉ GÉNÉRALE
Hugo Jonca	CRÉDIT AGRICOLE SA
Dominique Mangenet	CRÉDIT AGRICOLE CIB
Jean Martinelli	DEUTSCHE BANK AG - Succursale de Paris
Stéphane Plais	CRÉDIT AGRICOLE CIB
Sandrine Réglioni	ROYAL BANK OF SCOTLAND
Nathalie Riez Thiollet	J.P. MORGAN SECURITIES Ltd
Laurent Texier	ODDO & Cie
Étienne Valence	BNP PARIBAS ARBITRAGE SNC

Remuneration Group

Rapporteurs	Alexandra Lemay-Coulon / Stéphanie Hubert - AMAFI
Gilles Aupin	LOUIS CAPITAL MARKETS UK LLP
Jean-Nicolas Barbier	GOLDMAN SACHS PARIS INC & Cie
Éric Bastard	CRÉDIT AGRICOLE CHEUVREUX SA
Corinne Beauvois-Coladon	BARCLAYS CAPITAL
Lionel Bec	TRADITION SECURITIES AND FUTURES

Olivier Brot	ODDO & Cie
Sophie Cerone	HSBC France
Catherine Couanau	CM - CIC SECURITIES
Axelle Dalton	BANQUE NOMURA (France)
Gérard de Lambilly	NEWEDGE Group
Ludovic de Mallmann	UBS SECURITIES Group
Robert de Voguë	ARKEON FINANCE
Éric Fichot	BNP PARIBAS ARBITRAGE SNC
Christian Fine	UBS SECURITIES (France) SA
Alexandrine Glever	PORTZAMPARC SOCIÉTÉ DE BOURSE
Anne Guillou	FORTUNEO
Sophie Langlois	DEXIA SECURITIES (France)
Éric Le Boulch	CM - CIC SECURITIES (France)
David Morlier	BANQUE NOMURA (France)
Raphaëlle Pezant	EXANE-BNP PARIBAS
Catherine Rigny	SG SECURITIES - (Paris) SAS
Antoinette Rochas	GOLDMAN SACHS PARIS INC & Cie
Sandrine Rubinstein	KEPLER CAPITAL MARKETS
Olivier Taverne	EXO SAS
Damien Teisseire	GOLDMAN SACHS PARIS INC & Cie

Tender Offer Black out Group

Rapporteurs	Stéphanie Hubert / Marie Thévenot - AMAFI
Mathias Auguy	NATIXIS SECURITES
Jean-Nicolas Barbier	GOLDMAN SACHS PARIS INC & Cie
Henri Casadesus	MORGAN STANLEY SA
Xavier de La Maisonneuve	SOCIÉTÉ GÉNÉRALE
Christophe Ferrand	SOCIÉTÉ GÉNÉRALE
Nathalie Gay-Guggenheim	HSBC France
Philippe Reverre	HSBC France
Étienne Valence	BNP PARIBAS ARBITRAGE SNC





External bodies in which AMAFI is involved

International

International Council of Securities Associations - ICSA

AMAFI is a founder member of ICSA. Founded in 1989, the council is a forum for international cooperation and coordination. Members exchange information, discuss topics of common interest and lobby to promote their views. Pierre de Lauzun, AMAFI Chief Executive, is a member of the Advisory Committee in charge of issues related to financial stability.

Futures Industry Association - FIA

Sponsored by J.P. Morgan and Fimat, AMAFI became an associate member of FIA in June 2007.

International Organization of Securities Commissions (IOSCO)

Sponsored by the *Autorité des Marchés Financiers* (AMF), AMAFI has been an affiliate member of IOSCO since April 2005.

European

European Forum of Securities Associations - EFSA

AFEI (now AMAFI), the *Associazione Italiana Intermediari Mobiliari* (Assosim), the London Investment Banking Association (now Association of Financial Markets in Europe - AFME) and the Swedish Securities Dealers Association (SSDA) co-founded this forum in early 2007. A forum for cooperating on and talking about the shared issues that face European financial market participants, EFSA has since welcomed two new members: Spain's *Asociacion de Mercados Financieros* (AMF) and the Danish Securities Dealers Association (DSDA).

A driving force at European and international levels

2007: AFEI (now AMAFI) sets up EFSA with its European partners.

AFEI joins FIA in the same year.

2005: AFEI (now AMAFI) becomes an affiliate member of IOSCO.

1989: AFEI (now AMAFI) becomes a founder member of ICSA.

National

Industry Bodies

Association Française des Établissements de Crédit et des Entreprises d'Investissement (Association of French Credit Institutions and Investment Firms) - AFECEI

Philippe Tibi, AMAFI Chairman, is Vice-Chairman of AFECEI.

Comité Consultatif de la Réglementation et de la Législation Financière (Consultative Committee on Regulation and Financial Legislation) - CCLRF

Pierre de Lauzun, AMAFI Chief Executive, represents investment firms. His alternate is Bertrand de Saint Mars, AMAFI Deputy Chief Executive.

Comité Consultatif du secteur financier (Finance Sector Consultative Committee)

Stéphanie Hubert, AMAFI Compliance Officer.

Fédération Bancaire Française (French Banking Federation) - FBF

Commission Banque d'Investissement et de Marché - BIM

Philippe Tibi, AMAFI Chairman (UBS Securities France SA), Charles-Henri de Trédern (Oddo & Cie) and Bertrand de Saint Mars, AMAFI Deputy Chief Executive.

Professional Ethics Committee

Stéphanie Hubert, AMAFI Compliance Officer.

Technical Committee on Investment Banking and Markets

Sylvie Dariosecq, AMAFI Legal Affairs Director.

European Affairs Liaison Committee - CLAE

Véronique Donnadiou, AMAFI Advisor, European and International Affairs.

Paris Europlace Board

Philippe Tibi, AMAFI Chairman (UBS Securities France SA).

MEDEF (French Employers' Federation) Committees and Groups

Finance Committee

Pierre de Lauzun, AMAFI Chief Executive.
Bertrand de Saint Mars, AMAFI Deputy Chief Executive.

Tax Committee

Éric Vacher, AMAFI Tax Advisor.

Market Transactions Group

Bertrand de Saint Mars, AMAFI Deputy Chief Executive.

Association Française des Professionnels du Titre (French Association of Securities Professionals) - AFTI

Board of Directors

Emmanuel de Fournoux, AMAFI Director, Market Infrastructures and Prudential Regulation.

Training Group

Alexandra Lemay-Coulon, AMAFI Advisor, Social Affairs and Administration.

Markets Group

Fixed Income: Dominique Depras, AMAFI Director, Market Infrastructures.

Equities: Emmanuel de Fournoux, AMAFI Director, Market Infrastructures and Prudential Regulation.

Tax Monitoring Unit

Éric Vacher, AMAFI Tax Advisor.

Legal Affairs Monitoring Unit

Marie Thévenot - Legal Affairs and Compliance.

Other bodies

Haut Comité de Place (High-Level Committee on Financial Services)

Pierre de Lauzun, AMAFI Chief Executive, is a member of the HCP set up in July 2007 by the minister of the economy, finance and employment.

Comité de Place Euroclear France (Euroclear France Market Advisory Committee)

Emmanuel de Fournoux, AMAFI Director, Market Infrastructures and Prudential Regulation, and Guy de Leusse (Oddo & Cie).

Comité de Coordination de Projets de Place (Cross-Market Project Coordination Group)

Emmanuel de Fournoux, AMAFI Director, Market Infrastructures and Prudential Regulation, and Laurent Larroche (Natixis Securities).

LCH. Clearnet UCG (User Consultative Group)

Emmanuel de Fournoux, AMAFI Director, Market Infrastructures and Prudential Regulation. AMAFI represents ABP2L.

Employment-related bodies

Comité Interentreprises de la Bourse (Inter-company works council for the securities industry) (CIE)

Jean-Bernard Laumet, CIE Chairman (HSBC Securities), Jean-Pierre Allot, CIE Vice-Chairman (retired) and Alexandra Lemay-Coulon, AMAFI.

APRIONIS Group

ALTEA (ex-IRRAPRI), supplementary retirement scheme for executive staff

Roger Viallet, retired (expert to the finance commission), Alain Le Bohec, (expert to the finance commission), Alexandra Lemay-Coulon, AMAFI (director, member of the finance commission).

Association Sommitale (common policy body for retirement and health insurance schemes)

Jérôme Oudart (retired).

GIE Retraite complémentaire (employer association of supplementary retirement schemes)

Alexandra Lemay-Coulon, AMAFI, director.

APRI Prévoyance

Françoise Glace and Jérôme Oudart, directors.

SMAPRI

Jean-Pierre Allot (retired), director.



Our members

At 31 March 2010 AMAFI had 125 members, investment firms, credit institutions and market infrastructures.

Becoming a member

Membership is open to all entities that are active in financial markets, including credit institutions, investment firms, market operators, clearing houses and central depositories. There are three membership categories: **Direct Member**, **Associate Member** and **Correspondent Member**. For more information on joining and a description of all three categories, visit www.amafi.fr, and go to the "AMAFI" section.

The choice of category depends on the role the applicant wants to play in AMAFI's activities. Firms that are required by law to belong to an AFE-CEI-affiliated trade association and are fulfilling this obligation by joining AMAFI must opt for Direct Member status.

Becoming a Subscriber Member

This membership category is open to entities that, while not qualifying as members per se, wish to participate and are considered by the Board to play a role that warrants their being associated with AMAFI. At present, all Subscriber Members are law firms specialised in finance. ■



As a French subsidiary of a Swedish institution, we have every interest in joining a professional association. AMAFI was our natural choice, not only because of its strong presence in French and international financial markets but also because of the quality of the help it provided from our very first contacts. Of course, we expect it to protect our interests and represent us effectively vis-à-vis the regulators. But in the light of the inflation and complexity of the regulations, we also seek continuous information on the latest changes.

Marc Lauer, Legal Counsel,
MFEX (Mutual Funds Exchange AB)



There was no debate about our "young" investment firm, which serves Caisse des Dépôts clients, joining AMAFI! Apart from the fact that it was recommended by all our fellow professionals, our lawyers and advisers highlighted the quality of its work. AMAFI offers a range of precious services to companies like ours that have limited staff. We particularly appreciate real-time access to all the regulations, with explanations and comments. This is a vital contribution to our efforts to monitor the regulations and fully understand the issues facing the profession.

Stéphane Rabuel, Deputy CEO,
CDC Placement

New members (at 31 March 2010)

- Banque Palatine
- CDC Placement
- Easybourse
- Eurocorporate SA
- European Equities
- Exclusive Partners
- Finavéo et associés
- Fortis bank (Nederland) NV
Paris Branch
- MFEX Mutual Funds
Exchange AB
- Mosaic Finance SAS
- Natixis Asset Management
(France)



Having participated in the Mid Caps Committee, I can testify to AMAFI's ability to manage technical and regulatory changes to the liquidity contracts. Today our operating environment is itself evolving, and AMAFI will help us anticipate the consequences. Given that our constraints are virtually the same as those affecting very large groups with far more resources than new entities, it is very important that we obtain advice, guidelines and proposals that can help us save time.

Bertrand Paillère, CEO,
European Equities SAS

Our members

A

- ALTERNATIVA
- ARFINCO
- ARKEON FINANCE
- AUREL BGC
- AXA ÉPARGNE SALARIALE
- AXA INVESTMENT MANAGERS IF

B

- B*CAPITAL
- BANQUE NOMURA
- BANQUE PALATINE
- BARCLAYS BANK PLC
- BBSP PARTNERS
- BINCK BANK
- BLUENEXT SA
- BNP PARIBAS ARBITRAGE SNC
- BNP PARIBAS EQUITIES France
- BNP PARIBAS SECURITIES SERVICES*
- BOURSE DIRECT

C

- CACEIS CORPORATE TRUST
- CANTOR FITZGERALD
- CARAX SA
- CDC PLACEMENT
- CM - CIC ÉPARGNE SALARIALE
- CITI GROUP GLOBAL MARKETS Ltd*
- CLARESCO BOURSE
- CLICK OPTIONS
- CM - CIC SECURITIES
- CPR - ONLINE
- CRÉDIT AGRICOLE CHEUVREUX SA
- CRÉDIT AGRICOLE TITRES
- CRÉDIT SUISSE FRANCE

D

- DEUTSCHE BANK AG - Succursale de Paris*
- DEXIA SECURITIES France
- du PASQUIER & Cie France
- DUBUS SA
- DUPONT-DENANT CONTREPARTIE

E

- EASYBOURSE
- EDRIM SOLUTIONS
- E TRADE FINANCIAL
- EUROCLEAR France SA*
- EUROCORPORATE
- EUROLAND FINANCE SA
- EUROPEAN EQUITIES
- EUROPÉENNE DE GESTION PRIVÉE
- EUROTRADING CAPITAL MARKETS
- EXANE-BNP PARIBAS
- EXANE DERIVATIVES
- EXANE FINANCE
- EXANE OPTIONS
- EXCLUSIVE PARTNERS
- EXOE SAS

F

- FEDERIS ÉPARGNE SALARIALE
- FERRI INTERMEDIATION
- FINANCE FI
- FINAVEO & Associés
- FONGEPAR SA
- FORTIS BANK (Nederland) NV - Paris Branch
- FORTUNEO

G

- GASELYS
- GENERALI EPARGNE SALARIALE
- GESTEPARGNE INVESTISSEMENTS SERVICES
- GFI SECURITIES LIMITED
- GILBERT DUPONT SNC
- GINALFI FINANCE
- GLOBAL EQUITIES
- GOLDMAN SACHS PARIS INC & Cie
- GROUPAMA ÉPARGNE SALARIALE

H

- H et ASSOCIÉS
- HPC
- HSBC FINANCIAL PRODUCTS France
- HSBC SECURITIES France SA

I

- INSTINET Europe Ltd
- INTERFI
- INVEST SECURITIES

J

- JD DRAX HONORE (SAS)
- J.P. MORGAN SECURITIES Ltd

K

- KBC SECURITIES* NV Succursale Française
- KEPLER CAPITAL MARKETS

L

- LCH. CLEARNET SA
- LOMBARD ODIER DARIER HENTSCHE
- LOUIS CAPITAL MARKETS UK LLP

M

- MERRILL LYNCH PIERCE FENNER & SMITH, SAS
- MFEX
- MF GLOBAL SA
- MINT EQUITIES
- MORGAN STANLEY SA*
- MOSAIC FINANCE
- MTS France

N

- NATIXIS
- NATIXIS ASSET MANAGEMENT
- NATIXIS CORPORATE SOLUTIONS Ltd Paris Branch
- NATIXIS SECURITIES
- NEWEDGE GROUP
- NYSE EURONEXT

O

- OCTO FINANCES SA
- ODDO & Cie
- ODDO CONTREPARTIE
- ODDO CORPORATE FINANCE
- ODDO OPTIONS SNC
- ORBEO
- ORIENT FINANCE SA

P

- SOCIÉTÉ DE BOURSE PAREL SA
- PORTZAMPARC SOCIÉTÉ DE BOURSE
- POWERNEXT SA
- PRADO ÉPARGNE
- PROCAPITAL

R

- RAYMOND JAMES EURO EQUITIES
- RAYMOND JAMES INTERNATIONAL SAS
- REGARD BTP
- ROTHSCHILD & CIE BANQUE
- ROYAL BANK OF SCOTLAND

S

- SAL OPPENHEIM JR & CIE
- SEGESPAR INTERMEDIATION
- SG OPTION EUROPE
- SG SECURITIES Paris SAS
- SICAVONLINE SA
- SIGMA TERME
- SKANDIA INVEST SA
- SOCIÉTÉ GÉNÉRALE ASSET MANAGEMENT RTO

T

- TRADITION SECURITIES & FUTURES

U

- UBS Limited - Succursale France
- UBS Securities France SA

V

- VANILLA TECHNOLOGY
- VIEL TRADITION
- VIZILLE CAPITAL FINANCE

* Associate members

** Correspondent members

SUBSCRIBER MEMBERS

- ALLEN & OVERY
- ASHURST
- BRANDFORD GRIFFITH & Associés
- CLIFFORD CHANCE
- CMS BUREAU FRANCIS LEFEBVRE
- DENTON WILDE SAPTE
- DE PARDIEU BROCAS MAFFEI
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- FRESHFIELDS BRUCKHAUS DERINGER
- GIDE LOYRETTE NOUËL
- LANDWELL & ASSOCIÉS
- LINKLATERS
- NORTON ROSE
- TAJ société d'avocats



HIGHLIGHTS



Reforming the global financial system

The magnitude of the current crisis has made reforming the global financial system an overarching priority, with the G-20 taking on the task. Participants at international, European and domestic level have been working to this end for more than a year. The challenge is to overhaul the framework used to regulate and supervise markets and market participants and address the shortcomings. AMAFI was heavily involved in a number of key initiatives in 2009, including supervisory reform, regulation of financial sector remuneration, risk management and short-selling.

AMAFI kept a close eye on the major world meetings held over the course of 2009 and played an active part in debates and work on reorganising financial supervision.

The G-20 overhauls supervision, first in London...

Of all the challenges exposed by the crisis, supervisory issues have been a central focus of discussions. These issues were put on the agenda of the G-20 summit in London in April 2009. The main goals were to discourage

excessive risk-taking and extend regulation and supervision to all systemically-important financial institutions, instruments and markets. Specifically, the G-20 endorsed the creation of a new Financial Stability Board (FSB) that would replace the FSF and include the G-20 countries, plus Spain and the European Commission. The FSB has a broader remit than the FSF, although it does not enjoy special powers to supervise financial firms. To provide early warnings on macroeconomic and financial risks and identify the measures needed to address these risks, the FSB will work with the International Monetary Fund (IMF), whose budget has been substantially increased. The IMF's powers to prevent systemic risk have also been strengthened.

The summit also laid out guidelines for reform in a number of areas, including the creation of central counterparties for credit derivatives markets, implementation of new principles for market professionals' pay, international harmonisation of capital rules and measures against non-cooperative jurisdictions.

... then in Pittsburgh

The second big meeting of 2009 was the G-20 summit in Pittsburgh in September, which produced agreement on three courses of action.

First, it was agreed to develop more stringent requirements by end-2010

to improve the quantity and quality of capital. Second, a clear determination was stated to ensure that all standardised OTC derivatives contracts would be traded "where appropriate" on organised markets and cleared by central counterparties by end-2012. Third, it was decided to introduce a framework to regulate the remuneration practices of major financial institutions in March 2010.

Strengthening European supervision

While the first level of crisis response was necessarily international, Europe did not sit idle. As part of discussions instigated by the High-Level Group chaired by Jacques de Larosière, AMAFI sent a contribution¹ setting out four key ideas:

■ The need for strong financial regulation and supervision in Europe, not only to support efforts to build a ►

FSF

Financial Stability Forum

IMF

International Monetary Fund

FSAP

Financial Services Action Plan

Conference: New regulations for the financial sector: stabilising the system?

On 18 March 2010, Les Echos Conférences and AMAFI jointly organised a conference on new financial regulations. AMAFI Chief Executive Pierre de Lauzun took part in a panel discussion entitled "New financial market regulations: Safeguarding against a future crisis?".



► large integrated financial market, but also to be able to address shortcomings exposed by the crisis and wield influence within the new international structure.

■ The challenge involves not merely supervision but also regulation, which has to quickly find fresh impetus now that the notion that market forces alone can deliver optimum outcomes (particularly in the post-trade sector) has lost its way to some extent. A second Financial Services Action Plan is needed.

■ While we need to be ambitious, we must nevertheless also remain pragmatic, which may mean moving forward at different rates depending on the needs of each sector.

■ Progressive integration of regulatory and supervisory tasks will necessitate harmonising the responsibilities and powers of Member States' authorities. A preliminary mapping exercise is therefore essential. Published in February 2009, the recommendations* of the Larosière Group (see Box) set out an ambitious programme to strengthen the European supervisory framework for the banking, insurance and securities sectors by making it more effective and integrated.

Based on these recommendations, the European Commission set out

several courses of action on which AMAFI again voiced its views². Lobbying hard for an enhanced European framework, AMAFI called for the establishment of a common core of financial regulations and a strengthened system of European regulators. AMAFI did however note that the gradual establishment of such a system would require harmonising supervisory and enforcement arrangements for rules that are already broadly established within Europe. It also supported measures aimed at ensuring adequate regulation and supervision of markets that pose systemic risk and threaten financial stability.

Europe reforms its financial system

Following the release of the Larosière Report, the European Commission published a first communication** in March 2009 laying the groundwork for a complete overhaul of the European financial system. Among the reforms proposed to restore and maintain reliable, responsible financial markets, three key ideas were put forward:

■ Introduce measures to enhance transparency and the financial stability of derivatives and other complex products. ►

Larosière Report: emphasising financial stability

The Larosière Group Report put forward 30 recommendations to lay the foundations for a new framework of financial supervision in Europe. The measures in the report are organised in three areas:

■ Harmonised, targeted regulatory solutions to promote financial stability.

■ Greater coordination of macroprudential and microprudential supervision of all financial participants in the EU, leading to the creation of a **European Systemic Risk Board** and a **European System of Financial Supervisors** operating through a decentralised network.

■ International coordination of the crisis response in the areas of financial supervision and regulation, microprudential and macroeconomic supervision and crisis management.

AMF

*Autorité des Marchés
Financiers / French
securities regulator*

IOSCO

International Organization
of Securities Commissions

CESR

Committee of European
Securities Regulators

ICSA

International Council of
Securities Associations

EFSA

European Forum of
Securities Association

The value of short-selling

AMAFI has been busy on this issue since the outset. In the heat of the crisis, regulators took a series of temporary measures in 2008 to regulate short-selling of financial stocks. AMAFI's first step was to work with the AMF to clarify the content and precise scope of the transitional arrangements³.

In 2009, following the release of the Debon/Hellebuyck Report***, AMAFI informed the AMF's thinking via two documents:

■ The first⁴ gave AMAFI's views on the questions put by the AMF on settlement, reporting to regulators and market information.

■ The second⁵, which was jointly prepared with other industry associations, described the broad principles that should guide the regulator in this area. These included the importance of recognising that short-selling has a role to play under normal market conditions, and the need for harmonised rules, at least among the main financial centres.

At the same time, AMAFI participated in consultations conducted on this issue by the International Organization of Securities Commissions (IOSCO) and CESR. At international level, ICSA's response was consistent with the position taken by AMAFI in the AMF consultation. In Europe, EFSA reaffirmed that short-selling should be allowed under normal market conditions, while stressing the importance of a system of transparency vis-à-vis the market and the need to build a common regulatory reporting system in Europe (www.amafi.fr under Library and www.efsa-securities.eu).

- ▶ ■ Establish a prudential system introducing much stricter oversight at European level while maintaining clear prerogatives for national supervisors.
- Create an early warning system under the responsibility of the ECB to identify and neutralise systemic risk and establish a core set of EU-wide fundamental regulatory standards.

ECB

European Central Bank

CEBS

Committee of European Banking Supervisors

CEIOPS

Committee of European Insurance and Occupational Pensions Supervisors

DGTPE

General Directorate of the Treasury and Monetary Policy

LIBA

London Investment Banking Association

CRD

Capital Requirements Directive

Focussing on the European system of financial supervision

In May 2009, the European Commission published a new communication** on financial supervision in Europe. AMAFI responded by reiterating a number of concerns⁶. It pointed out the need for a broader medium/long-term approach, stressing that the political goal of integrating financial activities could not be fully achieved unless supervision too were integrated. The Commission must also be careful to preserve European competitiveness, given developments in the USA, and ensure good coordination of macro and microprudential supervision, notably as regards the issues raised by large international financial groups.

The lack of powers granted to the European Systemic Risk Board (ESRB) must not diminish the Board's responsibility. Mindful of this, AMAFI stressed that the President of the ECB ought to chair the Board, given the economic weight of the euro area within the EU and the central role of the ECB in the event of a liquidity crisis.

New financial supervisors for Europe

Based on the findings of the Larosière Report, and following the European Council of 18 and 19 June 2009, in September the European Commission published proposals for regulations to establish a new European architecture for financial regulation and supervision.

To carry out microprudential supervision, the Commission proposed transforming the Level 3 Committees currently in charge of securities, banking and insurance - CESR, CEBS and CEIOPS respectively - into three European supervisory authorities with broader powers. It also proposed creating a European Systemic Risk Board to perform macroprudential supervision of risk at EU level.

AMAFI naturally focused its attention on the proposal to create a European Securities and Markets Authority (ESMA). Although this development is a genuine step forward, the proposal does not go far enough when it comes to the new authority's powers to harmonise regulation and supervisory practices. For example, the authority's powers to set new technical standards to promote harmonisation should cover the entire spectrum of securities and markets regulation, not just areas specified in European legislation. In addition, the mechanism for the consistent application of Community rules should be simplified and clarified to prevent multiple individual decisions that could undermine harmonisation objectives. Lastly, to prevent blockages, it is important that all Board decisions be taken on a qualified majority basis. ▶

AMAFI stakes out its position on the European system of financial supervision

■ Harmonising rules and applying them consistently are key issues for European integration.

■ The mechanism for clear breaches of the law should also be applicable to the major questions raised by competition and interpretation issues. All market participants must have access to this mechanism.

■ Pan-European entities must come under the sole jurisdiction of European supervisory authorities, especially if they could pose a systemic risk. This includes rating agencies, as well as all market and post-trade infrastructures.

■ As regards issues of competitiveness and the supervision of systemic risk, it is vital that the supervisory authorities play a full part in international institutions.

Any changes to the future supervisory model must preserve the specific treatment applicable to different markets and their participants.

► **European framework for remuneration in the financial sector...**

The London G-20 summit singled out pay policies in the financial sector as a priority for action. The Pittsburgh meeting reaffirmed this objective. The main challenge is to separate variable remuneration from a short-term perspective that might promote excessive risk-taking. A variety of initiatives have been conducted in this area at international, European and national levels.

In March 2009 the European Commission assembled the bodies that speak for financial market participants in Europe, including EFSA, which was represented by AMAFI and LIBA, to address specific issues affecting different sectors in this respect. AMAFI responded to CEBS's consultation in April 2009 on Draft High-Level Principles of Remuneration Policies by endorsing the principle that the remuneration policy should be consistent with a risk policy that reflects the firm's activity and risk tolerance⁷. It did however reiterate the need for international harmonisation in this area, given the competitive distortions that could result in terms of attracting and holding on to talent. After reviewing the topics broached by CEBS, AMAFI emphasised the importance of governance and the key role that senior management should play in setting and supervising the company's remuneration policy.

In May 2009 the European Commission published a recommendation on remuneration policies in the financial services sector that drew on discussions in this area and particularly the principles adopted by CEBS. The recommendation set out the principles for remunerating staff whose professional activities have a material

impact on the risk profile of the financial undertaking. Building on this initiative, the CRD, which is currently being amended, is expected to include a number of provisions for remuneration systems.

...following the lead of the French industry

In February 2009, a French industry working group, which included AMAFI, established a number of principles for the remuneration of financial market professionals. After these principles were taken up and developed at the G-20 summit in Pittsburgh, France decided to make them binding by incorporating them in Regulation 97-02 on the internal control of credit institutions and investment firms, which was amended by an order

issued on 3 November 2009. The new rules enhance governance arrangements and regulate the remuneration of market professionals whose activities could have a material impact on their firm's risk exposure.

The regulation states that professional standards should be derived from the standards set by the FSB. Accordingly, in November 2009, AMAFI adopted a standard⁸, together with a commentary providing guidance on implementation (see box). ►

AMAFI professional standard on remuneration

AMAFI has issued a standard⁸ derived from FSB remuneration standards. It covers

Governance rules, which define the respective roles of the decision-making body, the remuneration committee and the executive body:

- The decision-making body determines the principles underpinning the firm's remuneration policy.
- The remuneration committee helps the decision-making body, unless the size of the firm does not warrant creating such a committee. The committee should be chiefly composed of independent members with expertise in remuneration or risk management.
- The executive body enforces the policy, particularly with regard to market professionals.

The variable portion of the remuneration of professionals whose activities could have a material impact on risk exposure:

- The variable portion is determined by the employee's performance (or the employee's team or business line) and the results of the firm.
- A substantial portion of variable remuneration - at least 50%, increasing to 60% for the highest-paid employees - should be deferred and spread over at least three years following the year in which it was granted.
- Shares or share equivalents should make up at least 50% of the variable remuneration of affected professionals and should be acquired over, or held for, at least two years on average.
- Variable remuneration can be reduced or withheld in the event of a loss. Payment of the deferred portion will depend on the results of the firm or business line and, where appropriate, individual performance criteria.
- Guaranteed bonuses are outlawed, except for new hires, in which case they are limited to one year.

Guide to Risk Management Best Practice

Drafted in close cooperation with the Commission Bancaire, this guide is intended to describe best practices in risk management. AMAFI accompanied this shared guide, which was drawn up by three market associations (AMAFI, FBF and ASF), with a set of commentaries⁹ prepared by its Risk Management - Regulation 97-02 Group and designed to aid members organise their risk management system. The document covers aspects of risk governance, the tasks and positioning of the risk management system and its manager, systems and procedures for measuring and monitoring risk, and oversight of the overall framework.

CSF

Financial Stability
Board

FBF

French Banking
Federation

ASF

French Association
of Financial
Companies

CRBF

Banking and
Financial
Regulation
Committee

► This stringent framework puts France in the forefront of countries that have implemented FSB principles. For this reason, AMAFI is closely monitoring the methods used to apply these principles internationally, which could result in significant competitive distortions between institutions.

Prioritising risk management

Because shortcomings in this area were seen as one of the causes of the financial crisis, risk management has been a key agenda item in international discussions since early 2008. With professionals and supervisors working to enhance security mechanisms, the G-20 meeting in Washington in November 2008 designated risk management as one of the priorities for its work programme. France's Commission Bancaire did not wait for the outcome of the international political negotiations - at the beginning of 2008 it initiated a debate on enhancing

financial institutions' risk management. Meanwhile, at the supervisor's behest, a number of industry associations, AMAFI included, worked together to prepare a guide to best practice in this area.

The shared objective of all these efforts is to ensure that senior managers of financial institutions place risk management at the centre of their concerns and strategic decisions. In practical terms, this was achieved through an amendment to CRBF Regulation 97-02 in February 2010, which has enhanced governance and requires each institution to appoint a risk manager, the idea being to provide a cross-cutting view of the risks (credit, market, legal, etc.) to which firms are exposed. ■

More information

■* Larosière Report and its 30 proposals, posted at www.ec.europa.eu

■** Document COM 2009-114, posted at <http://ec.europa.eu>
Communication from the European Commission - March 2009

■*** Debon/Hellebuyck Report, posted at www.amf-france.org

■ AMAFI memos available under "Library" at www.amafi.fr

1. Memo 09-05
2. Memo 09-28
3. Memo 08-54
4. Memo 09-26
5. Memo 09-27
6. Memo 09-46
7. Memo 09-23
8. Memo 09-61
9. Memo 10-18



Market organisation

Discussions across Europe have focused on market organisation as ways are sought to preserve the security of the financial system, which has been rocked by the crisis. Over-the-counter (OTC) derivatives markets and the post-trade sector have been singled out for special attention, as has the question of regulated markets, which also includes the key challenge of reviewing the Markets in Financial Instruments Directive (MiFID).

From the onset of the crisis, AMAFI identified the organisation of financial markets as a chief concern and issued a set of priorities for actions¹. One of the main points that AMAFI pinpointed in its analysis is that not all markets are made equal, and one of the main lessons of the crisis is that the term “market” has been used to cover a wide range of different situations.

The starting point is the organised market, which enables active and continuous matching of orders relating to products that offer a basic level of liquidity and that are the subject of regulated, regular disclosures, as well as numerous, competing research notes. This environment gives real meaning to the price discovery process set in train by organised markets.

OTC derivatives markets: more transparency for greater security

The crisis demonstrated the need to improve the security of OTC derivatives markets by shifting them where possible to the organised-market model, a move that entails standardising OTC contracts, establishing clearing houses for standardised contracts and increasing the prudential supervision of market participants. Among the various OTC derivatives, the segment of credit derivatives, and particularly credit default swaps (CDS), has received special attention. A clearing house is needed for these

instruments to prevent systemic risk and shore up confidence in counterparty solvency. The USA has moved first with several initiatives in this regard. But because the CDS market is more or less evenly split between dollar- and euro-denominated contracts, Europe’s authorities want to set up a European clearing house for euro-denominated contracts. In 2009 AMAFI, under the umbrella of the EFSA, took part in the *ad hoc* working group set up by the European Commission. These efforts led in July 2009 to the launch of a first initiative via a clearing house operated in London by ICE Clear Europe. Hard work on standardisation spearheaded by the ▶

“
To make the financial system secure, we have to reorganise the markets. While there is no question of going back to a situation where national exchanges command a monopoly, we do need a system that promotes free access to all orders based on good transparency, as was the case in the past.
”
*Pierre de Lauzun,
AMAFI CEO*

Organised markets are the benchmark

Organised markets form the benchmark model for financial markets. They alone have maintained their essential price-discovery function as well as their liquidity. Starting from this basis, AMAFI has put forward several clear proposals for reform:

- A market – and even more importantly its supervisors – must have adequate information about products and transactions.
- A market has to be regulated and supervised such that it can function in a clear, transparent, responsible fashion. The organised market is thus the benchmark.
- The concepts that govern markets need to be adapted pragmatically to reflect market reality. Absolutes should be eschewed.
- Institutions participating in a market should be supervised consistently with the role they play and the risks they take on.
- Supervision of markets and major participants needs to be closely coordinated at international level.
- Prudential and accounting regulation has to take account of differences between market categories.

IOSCO examines unregulated products and markets

Keen to make the financial system more resilient, IOSCO organised a consultation in 2009 on unregulated financial markets and products. The main goal was to identify measures to regulate securitisation and credit derivatives markets. In its contribution, AMAFI⁶ reiterated a number of broad principles that should guide regulators, including the following:

- Enhance regulatory convergence between global financial centres and improve exchanges of information between regulators.
- Promote product standardisation where possible and set up clearing houses.
- Amend prudential rules to provide more favourable capital treatment for institutions that trade in standardised products.

IOSCO

International
Organization of
Securities
Commissions

EFSA

European Forum
of Securities
Associations

ISDA

International
Swaps and
Derivatives
Association

ECB

European Central
Bank

FBF

French Banking
Federation

AFTI

French
Association
of Securities
Professionals

CEBS

Committee
of European
Banking
Supervisors

CESR

Committee
of European
Securities
Regulators

MTF

Multilateral
Trading Facilities

- ▶ ISDA made this tangible achievement possible. For AMAFI, however, while the new clearing house represents a definite step forward that is needed for market security, it does not go far enough because the clearing house must have direct and swift access to ECB liquidity. This problem should be addressed when LCH.Clearnet SA begins operating a clearing house in the euro area (Paris) in mid-2010. AMAFI also responded jointly with the FBF and AFTI² to the CEBS-CESR consultation on Draft Recommendations for CCPs revised for CCPs clearing OTC derivatives. Two points were stressed in this consultation: the need for clearing houses to have direct access to central bank money in the currency of the products they are clearing; and the need to introduce risk management policies that are segmented and product-specific. Furthermore, AMAFI participated³ in a European Commission consultation on clearing for OTC derivatives. After noting that the Commission had identified appropriate areas for action (promote standardisation, use clearing houses and central depositaries, increase price transparency), and while stressing that the future regulatory framework had to be adapted and proportionate to each product or market, AMAFI nevertheless expressed its disappointment that the Commission was not going far enough in terms of the overall regulation of clearing.

These discussions led the European Commission to consider the need to regulate OTC derivatives markets. At the end of 2009, in conjunction with Member State authorities, it began a process intended to create European-level legislation as part of the European Market Infrastructure Legislation (EMIL) project.

The need to review MiFID

For several months the question of revisiting MiFID, which came into force in November 2007 after seven years of intense work, has been under debate. Many participants, including intermediaries, investors and issuers, have expressed their dissatisfaction about developments in equity markets in Europe.

In response to a consultation begun in late 2008 by CESR on the impact of MiFID on secondary market functioning, AMAFI gave a somewhat mixed assessment⁴ based on three points: markets have undoubtedly become less transparent; the directive tends to favour large institutions; and fragmented liquidity forces firms to invest heavily in IT systems and technologies.

Coming on top of this lukewarm assessment of the European situation are other considerations, notably the fall-out from the financial crisis but also the requirement for the European Commission to review MiFID in the course of 2010. With this in mind, the Commission began a series of discussions to clarify the areas requiring action. Through EFSA, AMAFI has thus participated in meetings covering topics such as dark pools, high-frequency trading, best execution and rules of conduct.

Discussions in the French financial community

In this setting, to clarify the policies that will guide the French government during the scheduled review, in October 2009 the finance minister commissioned Pierre Fleuriot to assess the directive's impact on the French securities industry. He was asked to make proposals on market functioning, with a special focus on ▶

Key proposals of the Fleuriot Report

- Strengthen market transparency, particularly post-trade transparency, by creating a consolidated database.
- Improve the competitive playing field between regulated markets and MTFs.
- Enhance bond market transparency, notably for the purpose of valuing investor portfolios.
- Harmonise the post-trade sector in Europe through European regulations.

► bond and equity markets. AMAFI naturally contributed to these efforts, which matter greatly to its members. CEO Pierre de Lauzun had a hearing before the members of the taskforce, and AMAFI also sent a written contribution⁵ highlighting the importance of an economically and socially appropriate market structure in the medium to long term so that any negative developments that may occur can be rectified. Accordingly, AMAFI called for an objective analysis of some of MiFID's consequences, including liquidity fragmentation and technological rivalry between regulated markets and multilateral trading facilities striving to attract certain types of trading. AMAFI also argued that improving pre- and post-trade transparency and creating efficient post-trade infrastructures in Europe were vital to maintaining an efficient market structure.

MiFID 2 in prospect?

Pierre Fleuriot handed in his report on 17 February 2010. It contained two main priorities, both consistent with AMAFI's own analysis and proposals, namely the need to enhance transparency and regulate financial markets more effectively. The report noted the following:

- Increased market complexity owing to the proliferation of trading platforms.
- Fragmented liquidity.
- Poorer transparency in orders and transactions.
- The lack of a framework to consolidate market data, leaving competition unchecked and pushing up information costs.

This report will be used to inform the debate that gets underway in 2010, as government and industry work closely together to enable France to make proposals to its partners and the European Commission. ■

More information

■ AMAFI memos available under "Library" at www.amafi.fr

1. Memo 08-51
2. Memo 09-30
3. Memo 09-53
4. Memo 09-03
5. Memo 10-01
6. Memo 09-36
7. Memo 09-62
8. Memo 09-63

MiFID: debate over investment advice and inducements

In late 2009, CESR consulted the industry on two parts of MiFID.

■ Situations where firms are considered as providing investment advice.

After analysing CESR's proposals, AMAFI⁷ voiced several concerns. The first of these is CESR's position, based on subjective and contextual information that firms cannot use to organise their activities ahead of time and that cannot be used as a basis for harmonised oversight by national authorities. Furthermore, whereas CESR is looking to broaden the interpretation of "personal recommendations", AMAFI made the point that turning the advisory service into a "duty to advise" could destroy the added value created for the client. Finally, while CESR appears to be motivated by an understandable desire to protect clients, this should not result in identical treatment for different client categories. As for the highly sensitive issue of drawing a distinction between corporate finance and investment advice, AMAFI expressed its disagreement with CESR's position, stressing that the two activities are clearly distinct and mutually exclusive.

■ Identifying good and poor practices on compensation.

In response to CESR's extremely detailed and precise approach to rules, AMAFI⁸ argued that the goal of cost transparency could also be counterproductive, by lessening the pooling effects that benefit some clients, particularly in the retail sector. AMAFI called for further discussions to find the best way to balance the different needs. It also noted that, paradoxically, CESR was placing so much emphasis on the principle of transparency when the issue did not seem that important to many clients. AMAFI disagreed with some of CESR's organisational proposals, which seek to treat the inducements mechanism differently from the other rules of conduct to which firms are subject. In addition, AMAFI stressed that CESR's position on fees earned for placement and underwriting services should be examined more thoroughly to take account of the different situations in which this type of service may be provided.



Major changes to the domestic framework

In 2009 the High Level Committee on Financial Services (HCP) moved forward on a number of initiatives aimed at making the Paris financial centre more attractive. These brought major changes to the domestic framework for capital market activities, including reforms to the public issuance framework and rules on major holding notifications, as well as proposed new procedures for initial public offerings (IPOs). Other changes came about because of developments at European level, in anti-money laundering, for example, or at home, such as the establishment of a new supervisory authority, Autorité de Contrôle Prudentiel.

Since its inception in 2007 the HCP has initiated several large-scale programmes to enhance the appeal of the Paris financial centre. A number of different initiatives, some of which AMAFI has suggested and lobbied for, have already been carried out or are underway. But the government's efforts in this area are being undermined by other measures that have lessened France's attractiveness, especially on the tax front. The new tax on traders' bonuses introduced in early 2010 sent out a particularly negative signal.

The reform to the public issuance framework comes into force

The core provisions of the reform to the public issuance framework, which stem from the Executive Order of 22 January 2009 and the ensuing amendments to the AMF General Regulation, came into force in April 2009. Two further decrees completed the arrangements in May 2009.

The key change is that the uniquely French approach to public offerings, known as *appel public à l'épargne* (APE) - literally "public call on savings" - has been abolished. In its place is a twin concept (conflated under the blanket APE regime) that draws on European legislation and makes a distinction between an "offer of securities to the public" and "admission to trading on a regulated market". As a result, the special status of *société faisant APE*, which applied to any company making public offering, no longer exists. This in turn has entailed some changes to the periodic and permanent reporting requirements of listed companies.

Another noteworthy measure is that, subject to certain requirements, issuers can now carry out reserved capital increases for qualified investors or a small circle of investors. Also, simplified joint-stock companies are now allowed to make private placements. One effect of the new framework will be that investors can more easily acquire securities that are not admitted to trading on a regulated market. Considering the impact that this situation could have on investors, notably in terms of the level of information provided by issuers, and given that ISPs are subject to special obligations requiring them to caution clients, AMAFI published a position¹ on pro-

AMF
Autorité
des Marchés
Financiers /
French securities
regulator
IPS
Investment
services provider

viding information to clients wishing to acquire securities that are not traded on a regulated market.

Proposed new procedures for IPOs

The AMF consulted the industry on amendments to two rules for IPOs on the regulated market: first, the rule that 10% of the offered securities must be reserved for retail investors; second, the rule that the price should remain within a mandatory range of 7.5% either side of a central price. AMAFI has long lobbied to repeal these measures, which are both questionable from a European legal perspective and at odds with the practices of our major neighbours. AMAFI pointed out once again that these rules put French firms at a disadvantage while doing nothing to enhance ▶

► the appeal of the Paris financial centre². In particular, AMAFI said that far from lessening the existing constraints, the proposed change to the allocation rule actually introduced a more restrictive obligation that would be even harder to put into practice. The proposal to widen the price band to 20% is not satisfactory either: if outright elimination is not an option, the only acceptable solution is an indicative range.

Promoting liquidity and market transparency

Building on the Economic Modernisation Act (EMA), the government adopted an executive order in January that introduced two broad sets of measures to promote liquidity and market transparency.

In line with calls from AMAFI, the order supplemented the reform introduced by the EMA by authorising companies listed on Alternext to enter into liquidity agreements. Now, when shares are bought back to promote liquidity, the 10% threshold applicable to companies' holdings of treasury stock is calculated on a net basis, i.e. after deducting shares sold. Shares held as part of a liquidity agreement no longer have to be converted to registered form, and disclosure rules for issuers conducting buybacks have been simplified.

As regards the notification framework for major shareholdings, which was the subject of industry-wide work in which AMAFI played an active part, the solution contained in the executive order is relatively restrictive compared with the AMF's recommendations, in keeping with AMAFI's expectations. The scope of notifications has now been extended to "shares already issued and voting rights that a person or entity can acquire on its own initiative, either immediately or in the future, by virtue of an agreement or a financial instrument". However, cash-settled equity derivatives procuring for the holder "a similar economic effect to holding shares" are excluded and must simply

be reported separately when a major shareholding level is breached. An important point is that up to 5% of instruments held in the trading book are still exempt. The treatment applicable to physically settled derivatives is consistent with what AMAFI wanted (cf. Box, "Reform of Major Holdings").

Reporting thresholds were not changed, although this was not the initial plan. The first threshold remains at 5% of a company's capital or voting rights. Meanwhile, the rules on statements of intent that must be made when shareholdings breach certain thresholds have been substantially changed: two thresholds have been added (15% and 25%), the period covered by the statement has been shortened to six months, and the content of the statement itself has been modified.

In February 2010 a CESR consultation put the focus back on the question of whether instruments with a similar economic effect to holding shares should be included in the scope of major shareholding notifications. In its response³, AMAFI defended the position recommended in November 2009 by the Expert Group (ESME) appointed by the European Commission, namely that these instruments, the vast majority of which do not give access to voting rights, should be reported separately and not be amalgamated with holdings of shares or voting rights. ►

CESR

Committee of European Securities Regulators

ESME

European Securities Markets Experts

Moving from Euronext to Alternext

AMAFI took part in the AMF consultation on transferring Euronext-listed companies to Alternext⁴. The consultation explored the consequences for Alternext of the reform to the public issuance framework. AMAFI stressed how important it was for some issuers listed on the regulated market to be able to transfer their listing to Alternext and take advantage of the streamlining amendments introduced by the reform. In the current climate, these questions represent major economic considerations for many firms that want to continue growing by tapping the markets but without having to pay disproportionate costs.

Reforms to the major shareholdings regime

The reform to the arrangements for major shareholdings and statements of intent came into effect on 1 August 2009. The Order of 31 July 2009 provided the final touch, approving the relevant amendments to the AMF General Regulation. In the end, the outcome was in line with what AMAFI had been lobbying for⁵, namely an exemption for instruments (shares and "equivalent" derivatives) held in ISP trading books. The exemption for shares remains at 5% of capital and voting rights of the issuer, while "equivalent" derivatives are included only once the shares in the trading book exceed 5% of the issuer's capital or voting rights. Among the practical measures introduced, the deadline for disclosures to the company and the AMF was cut to four days.

Market Abuse Directive: AMAFI identifies five ways forward

In April 2009 the European Commission began a consultation, running until June, to assess how effective the Market Abuse Directive (MAD) had been in its first four years and identify which provisions ought to be revised.

In its response¹⁴, AMAFI identified the following needs:

- A flexible approach in applying the directive to multilateral trading facilities, to avoid impeding companies' access to financing and address investors' diverse needs.
- Application to derivatives whose underlying is admitted to a MAD-regulated market.
- Commodity markets should be subject to market abuse safeguards, but only on condition that these safeguards are tailored to the specifics of these products and markets.
- Greater flexibility in drawing up insider lists and better protection for the identity of whistleblowers when competent authorities exchange suspicious transaction reports.
- Short selling does not fall within the scope of the MAD and should be treated separately.

► Assessing the Market Abuse Directive

In January 2009 CESR completed the final stage of its consultation on the implementation of the Market Abuse Directive (cf. AMAFI's response to the previous consultation⁶). This final stage looked at stabilisation, share buyback programmes and inside information. While AMAFI was pleased that sales in the context of stabilisation would not be automatically regarded as abusive⁷, it was disappointed that they were not cov-

ered by a safe harbour when conducted in accordance with the stabilisation objective. As regards inside information and the circumstances in which an issuer should be required to respond to rumours, AMAFI called on CESR to provide an unequivocal definition of what constitutes a rumour.

Anti-money laundering: transposing the Third Directive

The process of transposing the Third Anti-Money Laundering Directive was completed in November 2009 with the publication of amendments to Regulation 97-02 incorporating Anti-Money Laundering and Counter-Terrorist Financing (AML/CTF) arrangements into the internal control systems of financial institutions. This marked the close of what was an intense period of consultation, partly because the transposition process had to be wrapped up before the Financial Action Task Force (FATF) began its assessment of France. AMAFI played an active part in the

FATF

Financial Action Task Force

Tracfin

Financial Intelligence Unit

AML/CTF

Anti-Money Laundering and Counter-Terrorist Financing

ICSA

International Council of Securities Associations

DLF

Tax Legislation Directorate

transposition efforts⁸. It paid particular attention to ensure that the flexibility offered under the risk-based approach was optimally transposed and that the legislation enabled the directive to be applied appropriately to market activities. The French authorities – the Treasury and the Commission Bancaire – involved the industry in every stage of the transposition process to ensure a balanced approach. The Treasury held several consultations on draft legislation, including the "Vigilance" Decree, whose introduction in September 2009 signalled the entry into effect of the new arrangements in France. The Commission Bancaire also held a series of consultations with the industry. AMAFI made a major contribution to these consultations, which had three main goals:

■ Insert AML/CTF internal control provisions in Regulation 97-02⁹.

■ Adjust its AML questionnaire to accommodate the new arrangements¹⁰.

■ Establish guidelines on specific themes to help professionals implement the new arrangements.

Prepared in conjunction with Tracfin, France's financial intelligence agency, a first set of guidelines on suspicious transaction reporting was released in December 2009¹¹. A second set on politically-exposed persons, equivalent third countries and wealth management was published in February 2010¹². ►

Inaugural conference for debt and currency market professionals

AMAFI partnered other industry associations to organise the inaugural conference for debt and currency market professionals on 10 December 2009. Over 200 people attended the event, which included three panel discussions: "Money market indices: strengthened or weakened by the crisis?"; "Changes to OTC clearing versus organised markets"; and "Liquidity on the secondary bond market".

► At the same time, AMAFI's AML/CTF working group addressed the issue of risk classification, presenting the results in December 2009 to the Commission Bancaire, which praised the group's efforts. AMAFI published a memo¹³ setting out a number of factors that institutions may now include when preparing risk classifications.

FATF publishes list of non-cooperative countries and territories

AMAFI took part in two FATF meetings in 2009 under the auspices of ICOSA. The first meeting, held in Paris in June 2009, looked at difficulties in implementing Recommendation 9, which allows institutions to use a third party to carry out customer due diligence. Consulted on the necessary changes to this recommendation to enable it to be used more broadly and effectively, ICOSA* prepared a position to which AMAFI made an active contribution. One of the proposed avenues was to divide responsibilities between the institution using third-party services and the third party itself.

The second meeting, held in London in September, tackled nuclear proliferation and the impact of the financial crisis on AML/CTF mechanisms. It was an opportunity for the FATF to review its current initiatives and, urged on by the G-20, to introduce new procedures to identify countries and jurisdictions considered to be non-cooperative or at a high AML/CTF risk. This initiative led to the publication in February 2010 of two documents that addressed the demands in this regard. The two publications replace the old list of Non-Cooperative Countries and Territories, which had become obsolete, since all the countries that were originally on the list have now been taken off. Tracfin reiterated that institutions had to take account of this information in their risk-based approach. ►

Carbon Finance Conference

AMAFI organised a conference on carbon finance on 19 November 2009 in partnership with BlueNext, BNP Paribas, CDC, Orbeo and Natixis.

Speakers stressed that while this is a small market at present, it has the potential to rival the oil market for size by 2050. Specialists reckon that some countries, including the USA, China, Japan and South Korea, will have their own carbon markets by 2013. This will grow the global market but reduce Europe's share in relative terms, making it vital for European firms to capitalise on their expertise in the area.

In wrapping up the discussions, Senator Fabienne Keller, who chairs the Senate working group on environmental taxation, emphasised that an orderly, tightly regulated European carbon market was needed to establish the credibility of an EU system of CO₂ emissions reduction.



“

We need to promote carbon finance markets, because they hold the key to transparent trading and hence a reliable system. It is also crucial that we agree on a shared international definition for what is meant by “carbon currency”, to avoid valuation discrepancies between Europe, the USA and China on the same underlying, namely one tonne of CO₂.

*Bertrand Meyer,
Managing Director,
Deputy Global Head,
BNP Paribas Commodity
Futures, Corporate and
Investment Banking*

”

“Getting Ready for the VAT Package”, Conference for financial market professionals, 8 December 2009

In December 2009 AMAFI joined forces with law firm CMS-Bureau Francis Lefebvre to organise a conference on the new VAT measures. The event was attended by France's tax authorities, whose Tax Legislation Directorate (DLF) explained its interpretation of the domestic transposition of the VAT Package that came into force on 1 January 2010. The new package, which modifies the VAT place-of-supply rules with regard to services, had raised some interpretation issues among firms both in France and elsewhere in Europe. Their main concern was that the Paris financial centre might become less attractive, potentially prompting reorganisations among European financial groups. Participants were reassured by the DLF's clarifications, which drew on earlier work by the directorate and AMAFI**. The option to make financial transactions liable for VAT, which may be exercised in France, will not spill over to services supplied by a head office or branch outside France. Also, the competitive advantage that ISPs in France currently enjoy when supplying BtoB services to taxable parties outside France is not at risk. As well as publishing two rulings to provide legal certainty to firms, the DLF agreed to revise the written report on its work.

Tax on bonuses: hurting the financial centre

The one-off tax on bonuses was adopted after an extensive parliamentary debate. Levied on credit institutions and investment firms, the 50% tax applies to the variable portion above €27,500 of compensation paid in respect of 2009. The employees targeted by the tax are financial market professionals “whose activities are likely to have a significant effect on the company’s risk exposure” and their superiors. Technical aspects aside, this tax sends a negative signal to Paris traders, amplified by the fact that the UK is the only other country to have adopted a similar tax. AMAFI’s Chief Executive homed in on this aspect in an article published on the website of *Les Échos*, a financial newspaper (www.lesechos.fr, “Faire payer les financiers, encore faut-il savoir à quoi cela sert!”).

To help the measures to be deployed smoothly, AMAFI and law firm Ernst & Young jointly organised a conference on implementation procedures. AMAFI also published a memo to coincide with the event¹⁶.

► Financial services VAT: making the taxation option more flexible

Following work to which AMAFI contributed in June 2009, measures were adopted in early 2010 to make the option to tax financial services more flexible. The provisions adopted by lawmakers are largely consistent with what AMAFI had been calling for. For example, the VAT option may be terminated at any time from 1 January of the fifth year following the date on which it was first exercised. Termination takes effect immediately, i.e. beginning on the first day of the month following the month in which notification is made to the tax authorities. Moreover, the ban on revoking the option is lifted when the taxable person has received a VAT refund.

Harmful tax measures for the industry

However, a number of measures contained in year-end budget legislation are bad for the industry. Their negative impact has been magnified by the one-off tax on 2009 bonuses written into the Supplementary Budget Act of 2010 (Box: “Tax on bonuses: hurting the financial centre”). French financial services firms have had to shoulder a heavy burden that could seriously affect the competitiveness of the financial centre. The measures in question include the following¹⁵:

■ The local business tax has been abolished, leading to a sharply increased contribution by ISPs to local government financing and a new tax for small and mid-sized companies.

■ A new levy has been created whose proceeds will go to the Banque de France to finance the costs of supervising designated financial institutions.

■ Capital gains on all sales of securities, shares and associated rights, no matter how small, are now liable for social security contributions.

■ Measures taken against non-cooperative countries and territories (NCCTs) involve costly and restrictive implementation methods (parent/subsidiary dividends and long-term capital gains from sales of securities involving companies based in NCCTs excluded from exemptions, increased withholding tax on investment income paid in NCCTs).

■ A new documentation requirement has been added for transfer pricing that will be hard to implement in the financial sector.

■ A new social security levy of 30% has been applied to income from carried interest shares subject to the taxation rules for wage income. ■

More information

■ * Recommendation 9 - ICSA’s response posted at www.amafi.fr, under “Library”.

■ ** CCP portals and VAT Package: www.amafi.fr, Member Area, under “Committees & Groups/Tax Committee” (French only)

■ AMAFI memos available under “Library” at www.amafi.fr

1. Memo 09-06
2. Memo 09-22
3. Memo 10-16
4. Memo 09-17
5. Memo 09-33
6. Memo 08-36
7. Memo 09-01
8. Memos 09-14, 09-19, 09-31 and 09-37
9. Memos 09-45 a and 09-45 b
10. Memos 09-49 a and 09-49 b
11. Memo 09-61
12. Memo 09-65
13. Memo 10-06
14. Memo 09-34
15. Memo 10-03
16. Memo 10-15
17. Memo 09-48
18. Memo 09-58

30 proposals to enhance the AMF's disciplinary powers

In the first half of 2009 AMAFI conducted broad-based discussions to further the industry's thinking on the AMF's disciplinary powers, which are viewed as crucial to the credibility of France's financial centre. These talks led to the publication in July 2009 of a report setting out 30 proposals¹⁷. The report, which was warmly welcomed by the AMF and its enforcement committee, is now providing the basis for a number of initiatives. The report's key recommendations were:

- Bolster the rights of the defence and strengthen the committee's resources and independence, particularly at the investigation stage, when it is vital for the rapporteur to be able to conduct a proper in-depth, independent review.
- The enforcement committee needs to explain its rulings more effectively and be more systematic about removing the names of affected parties when publishing rulings.
- Support the AMF's wish to introduce a settlement procedure (no admission of guilt) and a cross-appeal process.

As regards the question of compensating injured parties, AMAFI felt that while compensation is inherently essential, it cannot be the responsibility of the market regulator, because this could lengthen the procedure significantly, whereas speed is key to effective enforcement.

A new prudential supervisor: ACP

France recently undertook a major shake-up of bank and insurance supervision. Eagerly awaited following lead-up work involving the entire industry, the reform led to the creation of a new independent supervisor, the Autorité de Contrôle Prudential (ACP). Established on 9 March 2010, the new authority is the result of the merger of the Commission Bancaire, the Insurance Supervisor (ACAM), the Insurance Undertakings Committee (CEA) and the Credit Institutions and Investment Firms Committee (CECEI). Intended to make oversight of the financial sector more effective, the ACP ensures that all areas of the industry enjoy balanced representation through a plenary board and two sector groups. The new authority is responsible for preserving the stability of the financial system and for protecting the customers of persons and entities under its supervision in the banking, payment services, investment services and insurance sectors. Modelling itself on the AMF, the ACP exercises its disciplinary powers through an enforcement committee operating independently of the board.

AMAFI raised a number of concerns during the preparatory stages¹⁸. For example, when setting the contributions to be paid by investment firms to finance the ACP, it should be remembered that the firms' products are supervised exclusively by the AMF and thus fall outside the ambit of the new authority. Another concern was the number of members on the enforcement committee. The initial proposal was to have just four, but AMAFI said the committee's complement ought to be increased to a level that reflected its powers. Furthermore, AMAFI stressed that, as far as possible, the enforcement procedure should be beyond reproach, notably with respect to recent developments in European case law.



Taking a fresh approach to employment relations

After withdrawing from the Securities Industry Collective Bargaining Agreement (CCNB) at the end of 2008, AMAFI brought a draft Collective Bargaining Agreement for Financial Market Activities (CCNM) to the negotiating table. The aim was to take a fresh approach to employee-management in the industry.

“
The industry will be in a much better position to handle the new challenges thrown up by the crisis, with an innovative, collective bargaining framework tailored to its needs

Jean-Bernard Laumet, AMAFI Vice-Chairman, Chairman of the Collective Bargaining Commission

”

The CCNB remains in effect until June 2010, so 2009 was a year of intense negotiations between representatives of employees and management to craft a new Collective Bargaining Agreement for Financial Market Activities (CCNM). The aim was to establish a new accord completely in tune with the changes that have occurred across the business lines of the financial industry and with the needs of firms and their employees.

Collective Bargaining Agreement: final stages

Convinced that a modern collective bargaining framework that is suited to the highly specific nature of our profession is required to anchor the business lines of the financial industry in France, AMAFI brought a new draft agreement¹ to the negotiating table at the end of 2008.

Throughout 2009 and until this report went to press, talks between representatives of employees and management continued apace. Consequently, the draft has changed considerably since the original ver-

sion but retains the main aim of the employers' delegation, namely to respect the overall balance of the accord.

Without jumping to conclusions as to the outcome of the negotiations, or as to whether the trade unions will sign the new agreement between now and 16 June, AMAFI is pleased to have crafted, together with the representatives of employees and management, a draft agreement that is both balanced and protective of the industry's future.

Employment Intelligence Unit 2008

As in previous years, the Employment Intelligence Unit analysed the quantitative and qualitative changes in employment patterns*. The data collected from member firms for 2008 were examined at a meeting on 7 December 2009.

Cases referred to the Joint Commission

Six cases were referred to the Joint Commission in 2009 at the request of employees dismissed for gross or wilful negligence. Composed of representatives of employers and employees, the Joint Commission issues opinions, not legally binding decisions. The Commission can also clarify interpretational difficulties with the collective agreement. ■

More information

* Report of the Employment Intelligence Unit under "News" and "Library" at www.amafi.fr

** Agreement on pay increases under "Library" at www.amafi.fr

1. AMAFI memo available under "Library" at www.amafi.fr 1. Memo 08-56

New pay scale

Under the agreement** between AMAFI, CFTC Marchés Financiers, CGC-MF, FO Bourse and SPI-MT, a new minimum pay scale came into effect on 1 January 2010, pursuant to the CCNB. Personnel in categories A and B also saw an increase in the additional payment they receive based on length of service.

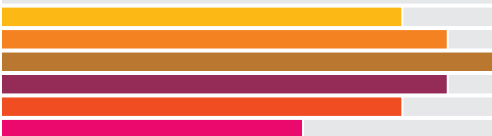
Employment Intelligence Unit: Key figures 2008

■ **Length of service:** the percentage of staff with less than five years of service increased to 58.29% from 51.21% in 2007. However, the trend from 2000 to 2008 shows is towards longer service, particularly in the bracket of 25 to 24 years' seniority.

■ **Age:** the total workforce became significantly younger, with 29.11% of employees aged under 30 (23.88% in 2007) and only 7.23% aged over 50 (8.21% in 2007). However, over the longer period (2000/2008), the reverse is true: under-30s fell from 31.82% to 29.11% and the 40-49 age group increased from 17.38% to 24.33% of the total workforce.

■ **Skills:** executive and managerial level staff were steady at around 76% of the total workforce, with personnel in category F alone accounting for 65% of the total. 2008 showed an increase in personnel in corporate services and back and middle office jobs.

Other issues...



More information

AMAFI memos available under "Library" at www.amafi.fr

1. Memo 10-02
2. Memo 09-52
3. Memo 09-57
4. Memos 09-41 and 09-42
5. Memo 09-43

Throughout 2009 AMAFI was actively involved in many other issues, including:

Professional obligations to clients

In its contribution¹ to the discussions on the Deletré II report on monitoring financial firms' compliance with professional obligations to clients, AMAFI acknowledged the rationale of shifting from a sector-based client protection approach to a cross-cutting policy, while stressing that the latter ought to be pursued at European level first. AMAFI also pointed out that investment products and services are already governed by a highly prescriptive framework that protects clients.

Mutual recognition process

Following CESR's consultation on the process of mutual recognition with non-European jurisdictions, AMAFI² stressed several issues, including the fact that the process is transitory since the ultimate aim is to achieve convergent standards and practices.

Internal control reports

The banking supervisor, Commission Bancaire, wanted to ascertain whether its internal control reporting framework, consisting of two reports, was suited to the industry's needs. AMAFI came up with a new template³ combining both reports, i.e. a general description of the firm and its internal control system, and a description of the systems for measuring and supervising risks, both in general and by type of exposure.

The public offering regime

As a participant in the consultations organised by the DGTPE and the AMF on amending the rules on public offerings, AMAFI⁴ drew attention to the disadvantages of both the DGTPE's proposal to align the threshold for mandatory public offerings on the new threshold for major holding notifications, and the AMF's proposal to lower the trigger point for mandatory public offerings to 30%.

Insider information and supervision of proprietary trading

After a discussion of the conditions under which proprietary trading should be supervised in order to prevent the use of inside information, AMAFI issued a set of recommendations for its members⁵. It encourages a proportionate approach that maximises the effectiveness of the measures taken in relation to the risks inherent in each activity and the organisational structure of each firm.

Professional certification

AMAFI participated actively in the introduction of a system enabling firms to meet their new professional certification obligations, which come into force on 1 July 2010. AMAFI was involved in the Operational Committee, under the authority of the Financial Skills Certification Board, which has been tasked by the AMF with implementing the system.



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