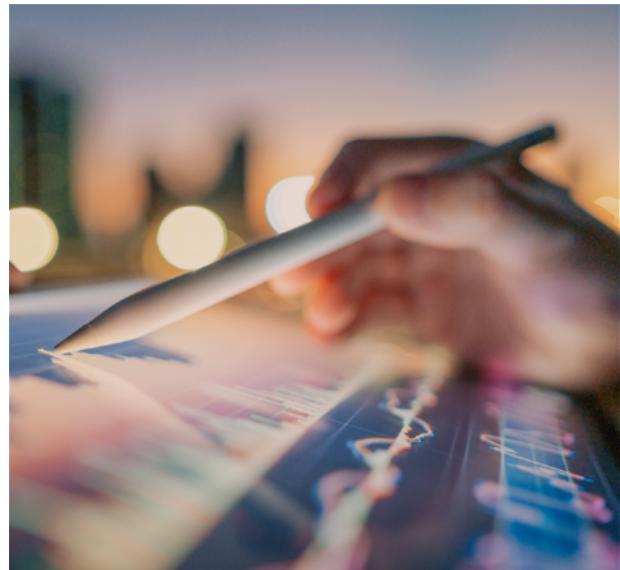


► FEATURE

A lack of tax appeal: France's fatal flaw?

To break the current political deadlock and get a budget adopted, the government is mulling wide-ranging hikes in taxation. Yet France already has one of Europe's top tax takes, and any further increases could hurt major companies and high earners, as well as savings and inheritance planning. The prospect is troubling.



► EDITORIAL Stéphane Giordano and Stéphanie Hubert | AMAFI

As budgetary tensions mount in France, there is a temptation to meddle with the rules on capital taxation, viewed by some as overly generous. But as AMAFI's 2025 barometer of savings taxation and business financing shows, caution is vital because of the critical role that corporate equity is set to play in meeting the many challenges that we all face.

It would be dangerous to turn a blind eye to dwindling household ownership of listed shares. Holdings have been falling in volume terms for the last half-decade and since 2024 their value has diminished as well. In parallel, tax measures introduced in 2025 have pushed up the cost of equity financing for French businesses. That increase has disrupted a trend in place since 2018, which

sought to ensure that these firms – although still subject to high taxation – were not severely handicapped relative to their European rivals.

We must not hinder this forward momentum, especially now, when France and other European Union member states have teamed up to launch Finance Europe, a new labelling scheme that will channel savings more effectively into companies.

Action is needed, of course, but it cannot be allowed to sap the confidence of retail investors and businesses in our tax framework. Because it is that confidence that enables savings to support the long-term investments that are so vital to our economy's transformation.

A lack of tax appeal: France's fatal flaw?

 Sandra Sebag

Political uncertainty and strained finances have thrust taxation into the heart of the debate over upcoming economic decisions. In the face of a stubbornly persistent government deficit, and with debt putting an ever greater drag on public finances, the government is hunting around for new sources of revenue. Various measures have been mooted, from reinstating the wealth tax, scrapped in 2017, to raising the flat tax on investment income or imposing a special levy, the so-called Zucman tax, on the very richest households. All these proposals illustrate a trend that is alarming domestic and international investors as well as ordinary savers. The outcome of the taxation debate matters not just for households but also for the competitiveness of French financial markets as a whole.

In recent years, France's economic policy has been broadly engineered to make Paris a more appealing financial centre. Decision-makers pursued a supply-side policy, introduced an impatriate-friendly tax regime, and kept wealth taxation more or less stable. These efforts reassured foreign investors and were rewarded with rising capital inflows. According to a 2025 attractiveness survey by EY, a global consultancy, France was Europe's leading destination for international investment projects in 2024 for the sixth consecutive year. Since 2018, Choose France, the international investment forum launched by President Emmanuel Macron to lure foreign companies and investors, has secured more than €87.8 billion in investment and generated more than 163,000 jobs, according to numbers released by the president's office in May 2025. Paris's vibrant financial centre can draw on many strengths. Brexit has been a boon, certainly, but robust organic growth among domestic companies and France-based foreign firms has also lent impetus. Net job creations in the financial sector in the Paris region tell the story. A full 33,000 new positions have been created in the past nine years. And in the first half of 2025 alone, Paris added 1,000 jobs, outperforming Frankfurt, a rival financial hub. At this year's Choose France summit meeting, JP Morgan announced that it was expanding its Paris offices. UK fintech Revolut, meanwhile, has elected to build its western European headquarters in Paris, creating 200 jobs. Capital taxation reforms set in train in 2018, which included cutting the corporate income tax rate from

33.3% to 25% and introducing a flat-rate withholding tax, helped to narrow the competitiveness gap separating French companies and their European rivals through to 2024, as highlighted by recent editions of AMAFI's regular survey of savings taxation and business financing.

Worsening climate

But everything changed when President Macron dissolved parliament in June 2024. Today's policy priorities are focused on curbing public spending and raising capital taxation, which has made the tax framework less predictable. One proposal is to increase the flat tax, which some deputies want to hike by three percentage points to 33%. AMAFI Chief Executive Stéphanie Hubert is deeply concerned: "The introduction of the flat tax in 2018 sent a strong signal to investors, who want taxation to be stable before making long-term commitments". Taken together, these latest developments have spawned a climate of political and fiscal uncertainty. The resulting loss of clarity is unwelcome and comes amid intensifying competition between European countries that are vying to attract capital and talent while striving to boost internal competitiveness. While France debates whether to tighten taxation, other European nations are moving in the opposite direction. Italy's advantageous flat tax for high net worth individuals has attracted many expatriates, while Portugal introduced significant perks for non-residents in 2009 (though some were recently rolled back) and is aiming to trim its corporate income tax rate to 15% by 2027. This contrast further highlights France's outlier position: as its neighbours seek to broaden their tax bases by drawing in capital and talent while sharpening their competitive edge and fixing their government finances, France runs the risk of falling behind.

Gauging the pressure

Each year, AMAFI publishes a survey and analysis of savings taxation and business financing. This so-called barometer considers how France measures up against its peers and examines how trends have shifted over time. The 2025 barometer shows that despite recent years' efforts, France still has one of the highest taxes on capital: in 2023, its mandatory capital levies were equivalent to 10.4% of GDP, compared with an EU average of 8% and just 7.1% ➤

►► in Germany. Moreover, owing to measures introduced in 2025, French taxation has increased still further, placing an even greater strain on companies and investors. As a result, domestic companies need to generate more revenue to keep paying the same income to investors. French firms are thus falling behind their competitors in Germany and the United Kingdom, where equity capital is taxed more favourably. This shift has disrupted a trend towards pan-European convergence underway since 2018 and is accentuating the difference in treatment of debt and equity. Debt is now treated more favourably, but equity is the only form of financing that can support the risky investments required to drive the necessary economic changes.

Savings on the wrong track

This unfavourable trend for corporate equity financing is echoed in the behaviour of retail savers in France, where individual participation in the stock market is among the weakest in Europe. According to an OECD report published in 2023, just 6.8% of French retail investors claim to own shares directly. Stéphanie Hubert warns that the downturn in stock market investments by French households is a wake-up call that must not be ignored. Listed share ownership continues to decrease, while France's savings rate fell to an unprecedented low of 19% in 2024. Moreover, the slide is no longer confined to volumes and has now spread to the value of shares held, which has fallen close to levels recorded five years ago, even though markets have headed higher. "It's paradoxical," says Hubert. "The money is there, but not enough of it is being channelled into equity financing for businesses." In the end, this undermines the French economy's capacity for innovation and weakens the domestic anchoring of business capital, which is essential in times of crisis.

In June, the European think-tank New Financial released a report titled "Designing savings and investment accounts in the EU". Co-written with investment manager Fidelity International, it reviews different account models from around the world and considers how they could help the European Union tackle its savings and investment challenges. One key issue is that Europe's pools of long-term capital, at just 239% of GDP, are dwarfed by those in comparable economies such as the United Kingdom (310%) and the United States (500%). To address this issue, the authors propose introducing private savings and investment accounts modelled on schemes with a proven track record, such as Sweden's *InvesteringsSparksKonto* (ISK) or Britain's Individual Savings Account. The ISK is singled out for special praise because it combines

flexibility with impressive value growth in the decade since its introduction. In fact, directly held listed shares will make up around 12% of the financial assets of Swedish households in 2025. Ultimately, the report highlights a trillion-euro opportunity, arguing that if every EU member state introduced a savings and investment account as popular as the ISK, the value of assets held in these accounts across the EU could reach between €1.5tn to €4.8tn within ten years.

Next steps

The 2024 report on EU competitiveness authored by Mario Draghi, an ex-prime minister of Italy and former president of the European Central Bank, stressed that one of Europe's prime challenges is not so much a shortage of savings but the fact that funds are not going where they are needed. Instead of being used to finance businesses and unleash innovation, too much money languishes in short-term or low-yielding investments. The report called for a truly integrated savings and investment market to ensure that European businesses get the funding they need. Acting on the Draghi report's recommendations, the European Commission has taken steps to channel more household savings towards business financing, including through a relaunch of its Capital Markets Union initiative, now rebranded as the Savings and Investment Union. In parallel, France and seven other European countries have teamed up to create Finance Europe, a new labelling scheme that aims to promote long-term savings in European equities. France itself has several mechanisms that encourage investment in equities, including equity savings plans and retirement savings plans. These need to be eligible for the new label and revitalised, for example by giving them a wider investment scope. Other obstacles, such as cultural barriers linked to a general lack of financial literacy, or a pension system that is insufficiently geared to support productive investments, must be lifted if France is to unlock savings on a scale that can truly match its financing needs.

These actions are welcome, and time will tell whether they can bring about a secular shift in savings towards productive investments. On taxation, however, at a time when Europe as a whole needs to strengthen its sovereignty, France is considering further hikes, despite already being one of the continent's top taxers of capital. This stance creates a burden that impacts businesses directly, affecting their financing, eroding their competitiveness and reducing their room for manoeuvre in investment. France must be careful to ensure that its taxation policies do not derail efforts to be more attractive.

TRANSACTION REPORTING

AMAFI calls for ambitious reforms

Responding to ESMA's recent consultation on simplifying reporting requirements under EMIR, MiFIR and SFTR, AMAFI called for a bold approach that includes a single, centralised transaction reporting system ([AMAFI / 25-67](#)).

The existing system is overly complex and costly, incompatible with efficient market functioning and detrimental to competitiveness. These issues can be tackled in a two-step approach:

- ▶ First, review the value of the data collected, to ensure that only information that is truly germane to supervision is retained. Achieve quick wins through targeted but substantial streamlining measures.
- ▶ Further out, set up a single, centralised reporting system backed by ESMA's technical infrastructure.

Close collaboration between authorities and market participants will be needed for this transformation to be successful. AMAFI has therefore recommended creating a dedicated European task force modelled on the group set up to manage the switch to T+1 settlement.

The European Forum of Securities Associations (EFSA), to which AMAFI belongs, has endorsed these recommendations ([AMAFI / 25-65](#)).

Mathieu Jacolin, Diana Safaryan

EUROFI

Financial Forum, Copenhagen



Eurofi held its Financial Forum in Copenhagen in mid-September. AMAFI attended the event. Chairman Stéphane Giordano, Director of European and International Affairs Arnaud Eard and several members of the European Action Committee held discussions with representatives from 11 member states. During these talks, AMAFI presented its priorities:

- ▶ **EU market integration** ([AMAFI / 25-49](#))
AMAFI's proposals were generally well received, particularly those in favour of broader and lower-cost use of T2S. However, the question of extending ESMA's powers to participants engaged in cross-border activities remains politically sensitive, and the feasibility of such an extension is still contingent on reforms to the European authority's governance.
- ▶ **Reviving securitisation** ([AMAFI / 25-64](#))
AMAFI warned against placing excessive prudential constraints on market-making activities for securitised instruments. These activities are essential if securitisation is to fully deliver its positive effects in terms of financing economic activity and European business competitiveness. The capital charge applicable to market-making should therefore be the same as that applied to origination of the securities.
- ▶ **Retail Investment Strategy**
Amid the ongoing trilogue negotiations, several member states welcomed the Danish Presidency's proposals, particularly on Value for Money issues. AMAFI, which likewise considers Denmark's proposals to be more proportionate, highlighted the need for a class-by-class approach to ensure that rules are tailored to the specific characteristics of structured products.
- ▶ **Finance Europe labelling scheme and Savings and Investment accounts**
Discussions also covered the question of channelling savings into productive investments through the labelling scheme adopted by eight member states, as well as the European Commission's recommendation on creating tax-incentivised savings and investment accounts. While representatives welcomed these initiatives overall, several expressed reservations about their feasibility, given the delicate state of their government finances.

Arnaud Eard

EU MARKET INTEGRATION

Meetings with European decision-makers

As part of its strategy to build a Savings and Investment Union (SIU), the European Commission is considering ways to deepen capital market integration. The aim is to steer the Union's plentiful household savings more effectively towards business financing and facilitate companies' access to markets.

Following last June's consultation ([AMAFI / 25-48](#)), AMAFI presented its priorities ([AMAFI / 25-49](#)) to Martin Merlin, Financial Markets Director at DG FISMA, Verena Ross, Chair of ESMA, and representatives of the finance ministries of Ireland, the Netherlands, Spain and Denmark, which currently holds the EU Presidency:

- ▶ On trading, AMAFI argued that the interconnectedness of intermediaries and platforms is not a weakness that needs to be addressed. Rather, the priority should be to implement the newly revised MiFIR II and assess its impact before considering any further reforms. This view was well received by the association's talking partners.
- ▶ On post-trade, AMAFI called for widespread use of T2S and simplification of withholding tax treatment to foster cross-border investment. These recommendations received a similarly warm welcome.
- ▶ On the question of centralising supervision (see Eurofi News page 4), Director Merlin stressed that ESMA's governance must be reformed before the authority's powers can be extended. Chair Ross observed that lessons could surely be learned from the Single Supervisory Mechanism. Among the member states, while Spain and the Netherlands expressed openness to more centralised supervision, Ireland said that the priority should be to improve the convergence of supervisory practices.

AMAFI is also sharing these messages with EFSA, which in July published its high-level policy priorities in response to the European Commission's consultation on the integration of EU capital markets ([AMAFI / 25-55](#)).

Arnaud Eard

EFSA CONFERENCE > AGENDA

Integration of EU markets, Brussels, 9 December



With the European Commission poised to release legislative proposals by the end of the year, AMAFI is organising a conference on the integration of EU markets on 9 December in Brussels.

The event, which is being put together on behalf of EFSA, will kick off with a review by Carlo Comporti, Commissioner at Consob, the Italian supervisory authority. This will be followed by a panel discussion moderated by Urban Funered, CEO of Swedish market association SSMA, and featuring DG Fisma's Martin Merlin alongside European institutional and private sector representatives, including AMAFI's Stéphane Giordano.

⌚ Registration: secretariat@amafi.fr

Arnaud Eard

T+1 SETTLEMENT

A roadmap

The Industry Committee, the governing body for Europe's move to T+1, published in early July its roadmap to the transition, scheduled for 11 October 2027. This change, which has a strategic bearing on the functioning of European markets, raises significant operational and legal challenges, given the complexity of the Union's infrastructure and the numerous participating jurisdictions.

The roadmap sets out practical recommendations "by the industry, for the industry", based chiefly on automating, standardising and coordinating post-trade processes. During the consultation on these proposals, AMAFI, speaking through EFSA, emphasised the need to move quickly into project mode and stressed the importance of working on automating the processes as soon as possible ([AMAFI / 25-68](#)).

Mathieu Jacolin, Diana Safaryan

INVESTOR PROTECTION

Retail investor journey

In its feedback to ESMA's consultation on the retail investor journey ([AMAFI / 25-60](#)), AMAFI called for measures that make it easier for savers to access financial markets. The excessive formal requirements under the existing framework – from a surfeit of standardised information to redundant assessments – stifle investment and complicate the procedures without delivering meaningful gains for customer protection.

AMAFI is therefore recommending ambitious steps to simplify the regulatory framework by drastically reducing Level 3 provisions and putting greater emphasis on proportionality. Also, while savers must have easy and direct access to markets, it is also essential to support the development of intermediated investment, as this is crucial for mobilising savings at scale to secure the long-term financing that the economy needs.

To promote cross-border investment by individuals within the EU, the priority should be to remove the obstacle of the withholding tax, which is complicated to reclaim and has a significant impact on investment returns.

Catherine Balençon

REGULATORY STREAMLINING

MiFID, PRIIPs and MAR



Responding to the Commission's stated aim of reducing red tape for businesses by 25% by 2029, AMAFI put forward a series of proposals ([AMAFI / 25-66](#)) to simplify MiFID, MAR and PRIIPs rules that it finds excessive or ineffective.

Key proposals include:

- ▶ Rationalising outsourcing requirements, which are currently too complex and disproportionate, especially for smaller firms;
- ▶ Rethinking the requirements for reporting employees' personal transactions, which are costly, intrusive and, above all, ineffective in detecting market abuse;
- ▶ Allowing for truly differentiated treatment of professional clients in terms of disclosures on costs, inducements and product governance;
- ▶ Exempting plain-vanilla bonds from PRIIPs, as these instruments are neither complex nor likely to be misunderstood by investors;
- ▶ Making a clear distinction between sales notes and MAR investment recommendations, to avoid subjecting firms to inappropriate constraints and legal risk.

Catherine Balençon

AMAFI 2025 BAROMETER

Savings taxation and business financing



AMAFI publishes a periodic survey of savings taxation and business financing to assess France's attractiveness and to measure how its appeal has changed over time.

While the 2024 barometer reviewed the 2018 tax reforms and stressed the importance of maintaining a simple and transparent tax system, the 2025 survey raises two red flags ([AMAFI / 25-73](#)):

- ▶ A downturn in ownership of listed shares. After several years of growth, the proportion of equities in household

Maguette Diouf

financial assets contracted in 2024, due to increased investment in fixed income products, coupled with a marked decline in holdings of listed shares. While volumes have been sliding since 2020, values have now also headed downwards, retreating to levels seen five years ago. This is a worrisome development for assets that have traditionally been accessible to the general public, given the central role that equity markets play in providing the economy with the financing it needs to innovate and invest in the long term. It also raises questions about trends in domestic share ownership, which is a factor of resilience in times of crisis.

- ▶ French companies are less competitive in terms of equity financing. Tax measures introduced in 2025 have pushed up the cost of capital for companies and made equity investment more expensive, disrupting a pan-European convergence trend dating back to 2018. The reforms have also accentuated the difference in treatment of debt and equity, with debt now being treated more favourably.

In light of this situation, it is vital to preserve the framework introduced by the reforms conducted since 2018, especially the flat-rate withholding tax, which has had demonstrably positive effects on government finances. Calling this system into question would send an extremely negative signal and undermine productive investments, which require time and predictability. AMAFI therefore wants a broader debate on ways to promote equity financing, including by revitalising existing investment wrappers.

COMPLEX CRYPTOASSET PRODUCTS

AMF policy



The AMF, the French securities regulator, wants to make the country more attractive in the market for crypto exchange-traded notes, which are already being sold in France while being structured and developed elsewhere in Europe. With this in mind, it held a consultation on exemptions to its policy on the marketing of complex products.

In a joint response with the AFPDB and the FBF ([AMAFI / 25-63](#)), AMAFI welcomed the AMF's determination to adapt the French market to technological developments. However, it said that the discussion should be extended to all complex financial instruments giving access to crypto assets and should take into account the economic issues associated with these assets as well as investor protection considerations.

AMF policy must ensure a level playing field between, on the one hand, the various types of complex crypto products and, on the other, the different categories of issuers, such as dedicated vehicles or financial institutions. Exemption criteria should not exclude derivatives-based exposures or capital protection mechanisms, the latter being particularly useful because of the volatility of crypto assets.

The joint response also urged the AMF to reiterate that crypto ETNs must abide by its policy on Actively Managed Certificates if they meet the definition for these products.

Catherine Balençon

INSIDER NETWORKS

Implementing the AMF's recommendations

Following the AMF's efforts to raise financial institutions' awareness of the rise in insider networks, AMAFI has clarified the authority's expectations for its members ([AMAFI / 25-50](#)), at a time when several European supervisors are redoubling vigilance in the face of a trend that could undermine market confidence.

The aim is to facilitate implementation of the AMF's recommendations on suspicious transaction reporting, due diligence for foreign brokers, and staff training.

AMAFI also encouraged the AMF to extend its awareness-raising efforts beyond financial institutions to include all participants in financial transactions, as they could all be potential targets for these networks.

Catherine Balençon, Julie Dugourgeot

DORA

Reporting of registers of information

In the context of the Digital Operational Resilience Act (DORA) working group, AMAFI members reported a number of difficulties, particularly in relation to submitting DORA registers of information. AMAFI conveyed these views to the ACPR, with which it held constructive discussions that made it possible to find solutions to the problems.

Thiebald Cremers, Léa Moukah

NEW MEMBERS

- **Caption**, an investment firm whose activities include order reception/transmission and placement without a firm commitment. Its senior managers are Quentin Lechémia (Chairman) and Bastian Barral (Member of the Executive Board).
- **Ingepar**, an investment firm whose activities include order reception/transmission and placement without a firm commitment. Its senior managers are Guillaume David (Chairman), Arnaud Laouenan (Chief Executive Officer) and Alexis Cauchois (Deputy Chief Executive Officer).

TEAM

- **Léa Moukah** has joined AMAFI as a junior Legal Affairs Adviser. She is a graduate of the University of Montpellier, where she completed a Masters in Banking and Financial Law, which she combined with work experience at a law firm.
- **Fabien Brouez** has come on board as an Adviser on Social Affairs and Training. Holding a Masters in Social Law, which he combined with a work-study programme in the insurance industry, and a Masters in Human Resources Management, which was combined with a work-study programme in the retail sector, Fabien gained his first experience in human resources at a civil engineering firm.
- **Yannick Chassort** has joined AMAFI's Compliance department after a work-study programme in the Legal Department of Crédit Mutuel Arkéa. Yannick holds a Masters in Banking and Financial Law and has worked for several years in the retail sector.
- AMAFI welcomes all these newcomers and is delighted to be able to count on their support and expertise.
- **Jeanne Auriac** (Adviser, Social Affairs and Training) and **Yann Besseau** (Legal Affairs Adviser) have left AMAFI to pursue new opportunities.

Everyone at AMAFI thanks them warmly for their work and wishes them every success in their new roles.

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AMAFI documents quoted in this Newsletter and flagged with a reference number are on our website at

www.amafi.fr

Most of them, notably AMAFI's responses to public consultations, are freely available, but some are restricted to members only.



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