

PRESS RELEASE

**Paris Financial Marketplace 2020 Committee
The time has come to send out a strong message about the attractiveness of
the Paris Financial Marketplace**

At the meeting of the Paris Financial Marketplace 2020 Committee on 30 May 2016, the French Banking Federation (FBF) once again emphasised the need to enhance the attractiveness of the Paris Financial Marketplace and to ensure that the conditions are in place to allow business financing channels to function correctly.

French banks also drew the Minister's attention to the major consequences that the implementation of the so-called "Basel IV" regulatory framework in its current state would have on European banks and their capacity to finance businesses and consumers. Supervisors and central banks must be able to review the proposed standard to make it more favourable to growth and employment. In this regard, as suggested by European Financial Services Commissioner, Jonathan Hill, the time has come to review regulatory requirements.

The banking profession also reiterated the growing role the financial markets are playing in financing the economy. In France, the portion of business financing obtained on the financial markets increased from 30% in 2008 to 40% in 2015.

Supporting businesses in their move towards the financial markets means raising the role of corporate and investment banks. France has a major asset in this area, with several institutions that are among the leaders in Europe. Their role should be preserved, particularly for market making, and regulatory or fiscal projects – both national and European – that would distort the competition and have a negative impact on the Paris Financial Marketplace, should be avoided.

This gradual shift also requires measures to encourage the correct allocation of savings. In this regard, the FBF welcomes the reform of the negotiable debt market, which gives businesses access to competitive short and medium-term financing. The reform extends the market to intermediate-sized enterprises, which are expected to increasingly look to the capital markets for financing, and aims to make negotiable debt instruments accessible to a larger number of issuers in France and abroad and to a wider international investor base.

To strengthen the attractiveness of the Paris Financial Marketplace, it is also necessary to have a favourable, stable, competitive fiscal framework:

- **a shift in tax policy to encourage investments in companies' capital (equities);**
- **the elimination of wage taxes in the financial sector;**
- **enhanced tax treatment for inpatriates.**

The FBF thanked the Finance Minister for including provisions about national creditor seniority in the so-called "Sapin II" law. These provisions must be adopted this summer to allow French banks to finance businesses on good terms. The FBF also welcomes the other measures in this area provided for in the Sapin II law.

The strengths of the Paris Financial Marketplace finally include attractive infrastructure (offices, transportation, international schools and colleges, etc.) and the quality of training in finance and other subjects that are important to financial firms. The support of the local authorities (Ile-de-France region, City of Paris, etc.) is crucial to the initiative to promote the Paris Financial Marketplace and in this regard the FBF salutes the "Paris Welcome to Europe" conference being held on 8 June by Europlace, the Ile-de-France region and the Greater Paris Investment Agency.

Whatever the outcome of the UK referendum on 23 June, the Paris Financial Marketplace needs to send out a strong message to the international community and to encourage foreign banks to the city.

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