FÉDÉRATION BANCAIRE FRANÇAISE

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PRESS RELEASE

The French Banking Federation (FBF) welcomes the exceptional mobilisation of the public authorities to enhance the attractiveness of the Paris financial centre

French banks praise the mobilisation at the highest government level and of Ile-de-France government officials aimed at making Paris the leading financial centre in the European Union following Brexit. This is a powerful signal to economic players in the Paris financial centre, who are the drivers of this collective aim and compete on a daily basis to ensure its competitiveness.

The banking industry is one of the main strengths of the Paris financial centre. The presence in France of four of the largest banks in the euro zone[1], coupled with several foreign banks, is a major advantage for our financial centre.

Measures announced by Prime Minister Edouard Philippe, Paris Mayor Anne Hidalgo, Ile-de-France region President Valérie Pécresse and Chairman of the Greater Paris Metropolitan Area Patrick Ollier are essential.

Economic players have long called for greater economic, fiscal and social predictability and stability.

Financial players also have specific needs which are partially met by the announced measures. These include labour costs, which are particularly penalised in the financial sector by a specific tax on wages. The abolition of the marginal tranche of this tax which was introduced in 2013, and which weighs on high value added wages, is a particularly vital measure. The exclusion of deferred bonuses from the calculation of severance pay will also be included in the sweeping reforms of the French Labour Code to be introduced by the government to provide greater visibility and flexibility to economic players.

These decisions are a response to the major barriers to the development of their business on our territory cited by foreign banks present in France and members of the French Banking Federation (FBF). They are therefore powerful signals for international financial establishments seeking to transfer their headquarters to France or develop their business here.

They revisit measures which would have heavily penalised France's attractiveness, such as taxing intraday transactions (transactions which are unwound on the same day).

These measures are part of the public authorities' proactive approach which was once more highlighted through the Minister for the Economy and Finance Bruno Le Maire's recent trip to New York.

1 *"2016 list of global systemically important banks" - Financial Stability Board*.

Local authorities have also made tangible commitments in response to international employees' needs, such as opening international schools in the Paris region and improving public transport between the Charles de Gaulle Airport and Paris.

This overall mobilisation is key to ensuring the strong positioning of the euro zone and France, against a backdrop of heightened European and international competition, and is a major challenge in terms of economic independence.

Europe must also take control of its destiny, as the ambitions of European financial centres also rely on those of Europe. Thus the relaunch of the Capital Markets Union (CMU) is essential. This also includes abandoning regulations which are ill-adapted to its model for financing the economy. Texts being discussed in Brussels relating to market risk regulation (known as FRTB), provided for under the Basel agreement currently on the table, also urgently need to be withdrawn, especially as the United States has just announced that it will not implement them.

Following these announcements, Marie-Anne Barbat-Layani, Chief Executive Officer of the French Banking Federation, stated: *"This is a very important day for the Paris financial centre. The mobilisation of the government, the Ile-de-France region, the Greater Paris Metropolitan Area and the Paris Mayor's Office is a vital move in favour of market activities and the attractiveness of the financial centre, and is recognition of the key role of banks within the economy. French banks share the same ambition as the public authorities."*

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