

AFM Annual Report 2022: Keep an eye on the long term

Financial services



We have drawn up various guidelines for the pension sector. In these guidelines we explain our expectations with respect to the **protection of participants** in the transition to the **new pension system**.



Investors need to be fully and correctly informed regarding the **costs and risks**. We have drawn up guidance for the sector on how to present **realistic expected returns**. Investment firms have improved their information about costs.



We supervise **lending to households**. In this context, we focus on buy now, pay later options, mortgage acceptance policies and the application of new lending standards for consumer loans.

Asset management



Investors are increasingly opting for **investments with a sustainable objective**. While the quality of sustainability information has increased, there is still **room for improvement**.



Due to the attention to **liquidity risks at new open-end investment funds**, liquidity buffers have been adjusted and the markets have been made **more robust**.



Together with ESMA, we have checked the **data quality of the periodical fund reports**. We have made recommendations to fund managers, including with respect to the calculation of leverage and assets under management.

Capital markets



The **reporting of suspicious transactions** is gaining importance due to the increase in trading on the capital markets. The number of 'suspicious transaction and order reports' (STORs) is increasing. This has a **positive impact on the detection of market abuse**.



In response to market developments, we have **tightened our supervision of the energy market** (carbon market and TTF market for natural gas). Despite higher volatility and increased margin obligations, **market liquidity remained sufficient**.



A review by the AFM into the use of **machine learning in trading algorithms** by proprietary traders revealed this is increasing. We have **intensified our supervision** in response to the risks posed by these algorithms.

Accountancy and reporting



We **personally visited** around 60 **non-PIE audit firms**. This gave us better insight into their risks.



We urged the audit firms to help ensure that companies clearly explain the **connection between their financial and non-financial performance** in their reporting.



We observed that there is **room for improvement** in how audit firms **fulfil their gatekeeping role** in identifying and following up on instances of fraud and fraud risks.



This is visual summary of the AFM's annual report 2022. The full publication is available at www.afm.nl/jaarverslag.