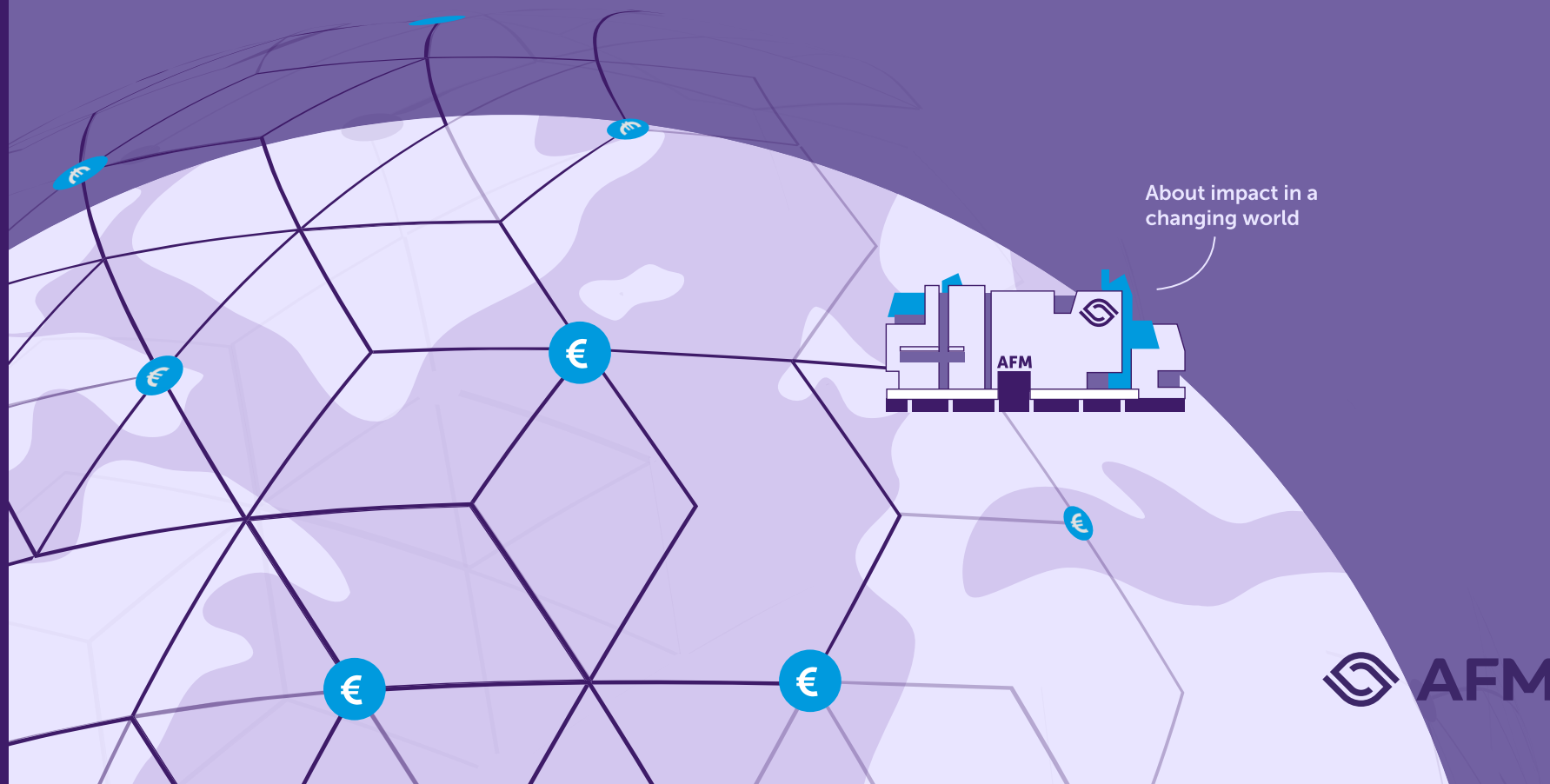


Annual Report 2024

In short In 2024, financial markets were affected by shifting geopolitical relationships. Across Europe, there is a heightened focus on regulatory cooperation. The majority of financial sector regulations has already been established at the European level; the AFM is making every effort to bring supervision there to the same standard as in the Netherlands. For example, we advocate the centralisation of capital market data. In line with European sustainability regulations, we drew up an integrated strategy for the supervision of sustainability. We also focused on preparing for the supervision of crypto service providers, and made clear what we expect from larger financial firms in terms of cybersecurity.



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Key figures 2024

Regular supervision

- Exerting influence
- Enforcement
- Contact from the outside world



By regular supervision, we mean continuous supervision of compliance with laws and regulations. This often focuses on correct and transparent processes in financial companies. It takes place alongside thematic supervision, where we look at more 'acute' risks. In our regular supervision, we focus on matters such as licence applications, assessments of directors and prospectus supervision.

Licences total of 326

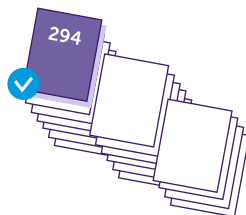


Supervisory area
Audit and Reporting Quality 10

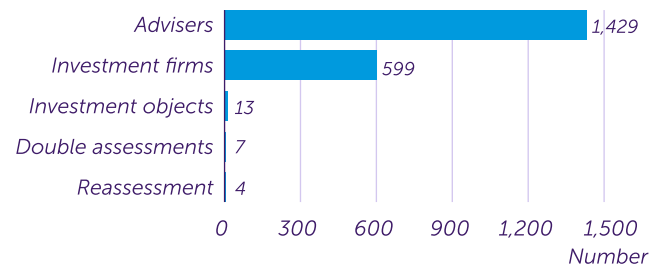


Supervisory area
Asset Management 22

Supervisory area
Financial Services 294



Assessments total of 2,239



What are assessments? Persons who determine the policy of a company either solely or collectively or who supervise such policy must be proper and/or suitable for the performance of their tasks. They are assessed in this regard by the AFM and/or DNB. The assessment includes various elements.



Regular supervision

Exerting influence

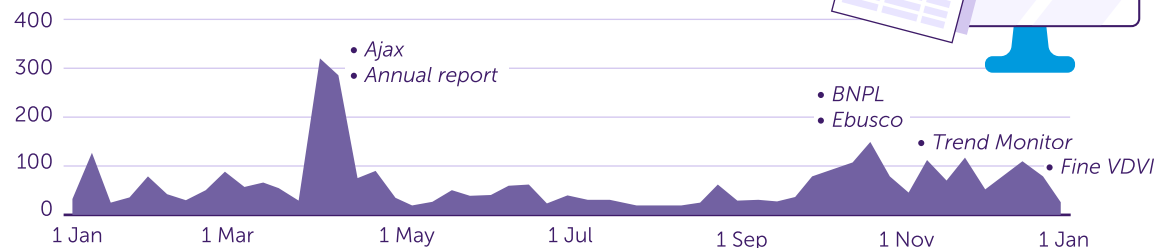
Enforcement

Contact from the outside world

Key figures 2024

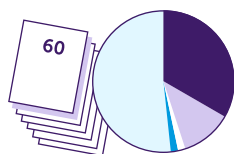
Media reports total of 3,083 articles

Total AFM reporting in 2024 (in print and online news media)

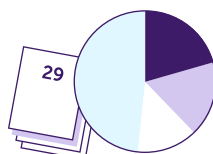


Most reporting was in specialist media (such as FD print, FD.nl, accountant.nl, beurs.nl), but titles with a high reach among the general public (such as nu.nl and AD) also score highly.

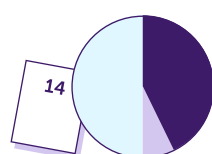
Publications total of 122



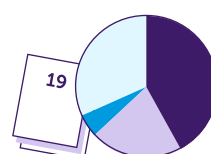
Supervisory area
Financial Services 60



Supervisory area
Capital Markets 29



Supervisory area
Asset Management 14



Supervisory area
Audit and Reporting Quality 19

19

Total

Reports

Consultations and supervisory tests

Guidance

Sector letters

Other

AFM publications We publish reports outlining the findings of our investigations and areas for improvement. In consultations, we present our own view of proposed legislation or ask the sector to respond to our policy statements. In guidance documents, we explain how the sector must comply with laws and regulations. In a supervisory test, we clarify what new regulations will mean for supervision. In a sector letter, we feed our findings back to a sector.



Activity on LinkedIn

- Interaction 64,000 times
- Scope 958,000 accounts
- Followers 49,400 accounts (▲ +5,631)
- Impressions 1,490,000 keer

Participation in international events total of 45

International meetings 26
Speeches 9
Working visits 10





Regular supervision

Exerting influence

Enforcement

Contact from the outside world

Key figures 2024

i

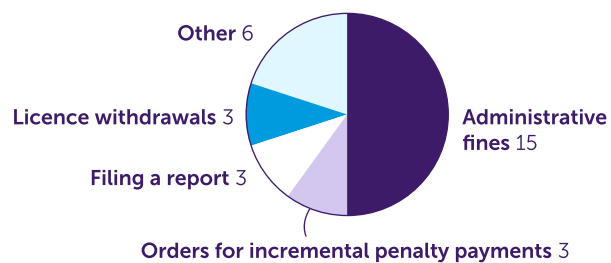
The AFM is responsible for supervising compliance with financial legislation and regulation. A guiding principle in our supervision is that we take action as soon as we become aware of an offence. The type of action we choose and how we take it depends on the specific situation. **We can use formal and informal measures.**

€5.6 million

Amount collected as a result of formal measures

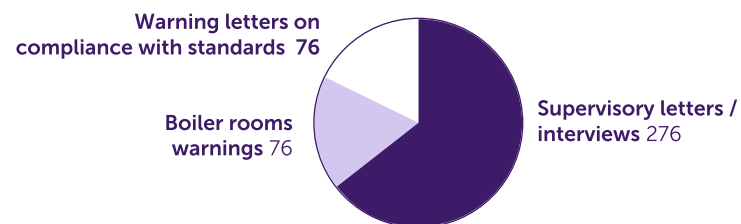
Formal measures total of 30

Formal measures are measures available to us under the law, such as imposing a fine or filing a report.



Informal measures total of 427

Informal measures are measures that provide information on standards, such as a supervisory letter or, in the most serious case, a warning letter. We publish warnings about 'boiler rooms' (investment fraud) on our website and on social media.





Key figures 2024

Regular supervision

Exerting influence

Enforcement

Contact from the outside world



The AFM maintains various **contacts with the 'outside world'** to identify any risks that may arise and counter them as quickly as possible. Signals of undesirable or illegal activities may be received from consumers, from the sector itself or from the media.

Number of contact points *total of 12,762*

What are the contact points? Consumers and companies can contact the AFM via the Financial Markets Hotline or the Business Desk. Both can be reached by telephone and e-mail.



Number of signals *total of 3,662*

In total, the AFM received 3,662 notifications of possible abuses. These often concerned (top 5):

- 1 304 Crypto
- 2 244 Payment accounts
- 3 164 Mortgage loans
- 4 111 Consumer credit
- 5 53 Crowd funding

1. Developments and the AFM Strategy

Developments

In 2024, the European macroeconomic environment was characterised by a cautious recovery after the economic challenges of recent years. Inflation gradually declined but remained above the European Central Bank's (ECB) target of 2%. At the same time, the Dutch and European economies grew slightly in 2024, causing concerns about a recession to fade further into the background. In the capital markets, this positive sentiment contributed among other things to historically high stock prices worldwide. In particular, the valuations of AI-related companies increased more than expected, with the risk of bubble formation.

The financial position of households was relatively stable, but it remains vulnerable to unexpected economic setbacks. Dutch households proved resilient to rising inflation and interest rates. This was partly due to the government support provided immediately after the outbreak of the coronavirus pandemic and the energy crisis, collective wage growth, the tight labour market and the fact that many Dutch households have mortgage loans with a longer outstanding fixed-rate period. At the same time, the financial health of vulnerable households required continued attention, partly due to the long-term effects of higher interest rates on household debt and the rising cost of living.

Digitalisation

The rapid development of (AI) provides opportunities and risks for the financial sector. With the EU AI Act, the European Commission has enacted legislation on the use of AI. With the AI Act in mind, we published a report with De Nederlandsche Bank (DNB) on the impact of AI in the financial sector and its supervision.

We consider it positive that AI is used for fraud prevention and detection, combating money laundering and terrorist financing and cybercrime, providing accessible information and speeding up and

making the credit assessment process and identity verification more efficient, among other things. AI also helps employees to work more efficiently. We do see risks in the field of data security, the exclusion of people by algorithms and the power of a few large technology companies.

Digitalisation will further shape the financial sector in the coming period. With European legislation addressing technological developments and their effects, the financial sector is also entering a new maturity plateau. The implementation of legislative processes such as the *Digital Operational Resilience Act* (DORA), *Markets in Crypto Assets Regulation* (MiCAR) and the AI Act places new demands on the sector. For us, 2024 was largely dominated by preparing both the market and ourselves for these new regulations.

With regard to digitalisation, we are concerned about vulnerabilities such as digital crime directed towards both companies and consumers, concentration risks and dependencies on a limited number of third parties in the chain. There are also risks of using large amounts of data with a negative impact on consumers (hyperpersonalisation).

Sustainability

Sustainability regulations often originate in Europe. New legislation in this area came into effect in 2024. The Corporate Sustainability Reporting Directive requires certain companies to report in accordance with certain sustainability reporting standards, the *European Sustainability Reporting Standards* (ESRS), from the 2024 financial year. Most European countries have transposed the CSRD into national measures. The implementation of this European directive has been delayed in the Netherlands and has not yet been completed. We have had discussions about this with the sector. In 2025, the intention is for the larger issuers to deliver the first sustainability reports for the 2024 financial year, based on the CSRD.

To strengthen the reliability of sustainable bonds and to make sustainable bonds more accessible and unambiguous, the EU *Green Bond Standard* has been introduced. From the end of December 2024, issuers can choose to follow this standard, under strict conditions, in order to demonstrate the reliability of the green nature of the bonds.

After the publication in 2023 of, among other things, our [report on the financial risks of climate](#) damage, there has been a growing desire among politicians and other stakeholders to raise more awareness among citizens of flood and waterlogging risks, and to provide earlier and better access to information about foundation risks in the home buying and selling process. For example, the Ministry of Infrastructure and Water Management is investigating the possibilities and desirability of introducing a water label, and several ministries are working together on a national approach to foundation problems. This is being done in collaboration with local authorities and private operators. By informing consumers about these risks, they become more aware of the consequences, and these risks can be included in the valuation of house prices, among other things.

AFM sustainability strategy

In 2024, the AFM developed a comprehensive strategy for the supervision of sustainability. This strategy broadly describes both our vision and our supervisory approach to the topic of sustainability for the period 2024-2028. Our goal is to enable financial companies and consumers to take sustainability risks and sustainability impact into account in their decisions, through transparency supervision and the protection of consumers when developing, offering and advising on financial products and services. Our supervision strategy describes the intended approach and depth of supervision and the breadth of the theme, and the data and expertise required for this. With this strategy, we also ensure consistency of our intervention methodology, in line with the AFM enforcement policy.

International context

The year 2024 was already anticipated as the big election year, with the European elections and those in the United States. With the election of Donald Trump as president, the United States will certainly take a different course on the themes of crypto-assets and sustainability. The US and the EU have been more or less like-minded in recent years: relatively critical of crypto-assets and the risks associated with this sector. And for the theme of sustainability, we saw a positive attitude from the US at a global level, in line with the EU.

On 1 December 2024, a new European Commission led by Ursula von der Leyen came into office. In addition to the European Commission's general goal of reducing the regulatory burden, a lot of attention is being devoted to the so-called Savings & Investments Union, in which there must be room for both the banks and the capital markets. Around the summer period, stimulated by several reports such as those by Letta, Noyer & Draghi, there were many discussions about intensifying the capital markets union. The [joint position paper of the AFM and DNB](#) on this and the paper on more effective supervision through [centralisation of financial supervisory data](#) in Europe were cited several times in these discussions. In 2024, a lot of attention was also devoted to the strategic autonomy of the European Union as well as the role that third countries, such as the United Kingdom, play in the international financial sector. Furthermore, a lot of attention was paid to setting up the new European Money Laundering Supervisor (AMLA).

The AFM effect

International sustainability cooperation



How the AFM, by influencing new and existing policy at the international level, ensured better protection of investors and promoted market integrity.



What was the problem?

Financial institutions mobilise capital for sustainable investments. The availability and quality of information on sustainability is one of the AFM's most important focal points. Inaccurate, incomparable or unreliable information can mislead investors and consumers and cause mispricing of assets and misallocation of capital.



What did the AFM do about this?

Because improving sustainability information is an international matter, the AFM is working on this subject through the European Securities and Markets Authority (ESMA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Banking Authority (EBA). The AFM is also active at a global level, through the International Organization of Securities Commissions (IOSCO).

- **Sustainability claims:** In 2023, we published the Sustainability Claims Guideline, which provides guidance for financial companies and pension providers on how to make correct, clear and non-misleading sustainability claims. After this, we co-wrote European guidance through EIOPA in order to propagate our ideas on this subject.
- **SFDR:** At the end of 2023, the AFM published a position paper on possible improvements to the Sustainable Finance Disclosure Regulation. Subsequently, the AFM participated in a working group of the three European Supervisory Authorities (ESAs) to develop a shared opinion on the SFDR, for the upcoming revision of this legislation.
- **Climate transition plans:** At IOSCO, the AFM chairs the Transition Plan Work Stream (TPWS) and we co-wrote a report on the climate transition plans.

We gave clear tips for making fair sustainability claims.

How to make a fair sustainability claim



Accurate, representative and up-to-date



Concrete and well-substantiated



Understandable, appropriate and easily accessed

Read further on next page

International sustainability cooperation *(continued)*



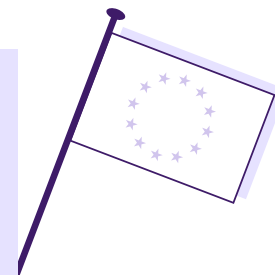
What did international supervisors do next?

- **EIOPA** published the Opinion on Sustainability Claims in 2024, which sets out principles for national regulators for assessing and investigating sustainability claims. This document is strongly in line with the AFM Guidelines for sustainability claims, so that our vision is widely supported within Europe.
- **The ESAs** issued a Joint ESAs Opinion on the assessment of the SFDR in 2024, in which they called for a coherent legal framework for sustainable finance. Many AFM positions can be found here.
- **IOSCO** published a report on how disclosures of climate transition plans can support the objectives of investor protection and market integrity.



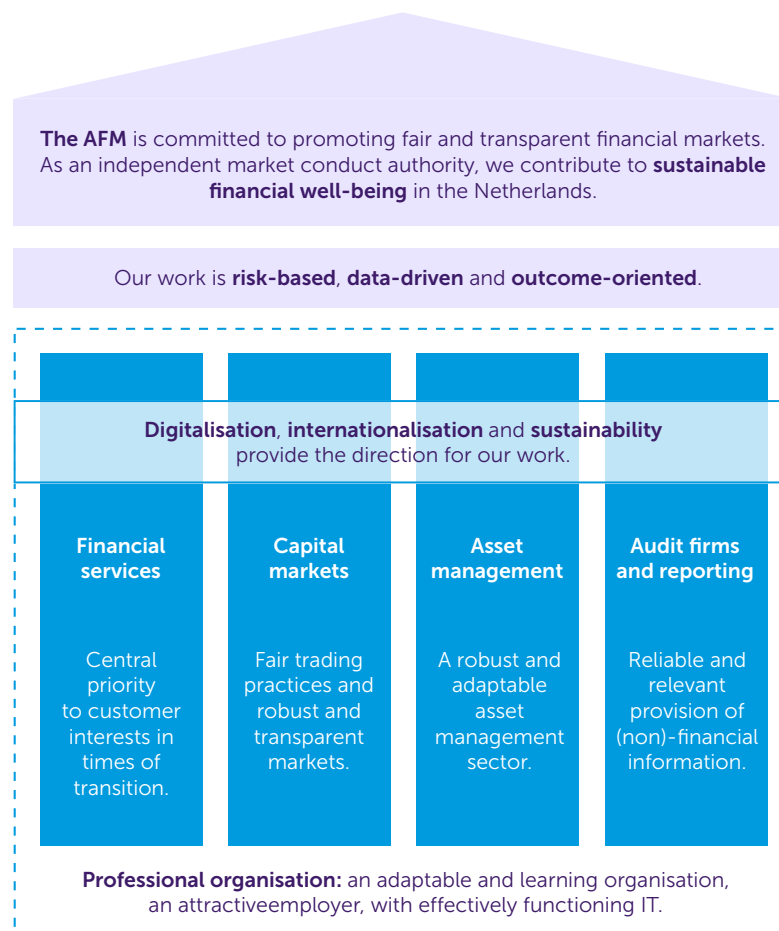
What is the impact of this?

- **Sustainability claims:** now there is an unambiguous way of looking at sustainability claims within the insurance and pension sector. This creates a more level playing field for market participants and ensures better protection for investors and consumers.
- **SFDR:** we expect a concrete proposal from the European Commission for the revision of the SFDR in 2025. The clear and joint positions of the European supervisors can effectively be incorporated into European legislation.
- **Climate transition plans:** the IOSCO Climate Transition Plans report helps ensure that investors can better understand and compare information, despite the differences in requirements and climate pledges in each jurisdiction. In addition, it makes clear that climate transition plans also play an important role in terms of investor protection and market integrity.



AFM Strategy

Figure 1. Strategy house AFM



The goals we have set in the [Agenda 2024](#) and associated activities are based on our '[AFM Strategy 2023-2026](#)'. Digitalisation, internationalisation and sustainability are the trends that give direction to the financial sector and our supervision. These form the common thread in the strategy. In the strategy, we have formulated four

multi-year supervisory goals, one for each supervisory area. A solid foundation in the form of a professional organisation is of great importance. In addition to the mission and strategy, the risk analysis in '[Trend Monitor 2024](#)' was also an important basis for determining our supervisory choices in 2024.

This figure depicts the AFM Strategy for 2023-2026. At the top of the list is the mission: the AFM is committed to fair and transparent financial markets. As an independent market conduct authority, we contribute to sustainable financial well-being in the Netherlands. Below that is our working method: we work in a risk-based, data-driven and outcome-oriented manner. The three trends of digitalisation, internationalisation and sustainability give direction to our work. We implement our mission with supervisory objectives in the AFM's four areas of supervision: financial services, capital markets, asset management and accountancy.

The supervisory objectives are: giving central priority to customer interests in times of transition (financial services), fair trading practices and robust and transparent markets (capital markets), a robust and adaptable asset management sector (asset management) and reliable and relevant provision of financial and non-financial information (accountancy). Our professional organisation is the foundation for this: an adaptable and learning organisation, an attractive employer, with effectively functioning IT.

Risk-based

Risk-based supervision focuses on the efficient and effective use of our resources to address problems in the market with the highest risks. It means that we focus on cases where the most damage can occur for consumers, investors and other market participants. We want to identify in a timely manner any developments, behaviours and outcomes that cause or may cause damage to our mission and goals. We do this, among other things, by publishing our main risk analysis: [Trend Monitor 2024](#). In addition to the main risk analysis, we also carry out risk analyses for each supervisory area, on which the priorities in supervision are based.

Data-driven

Data-driven supervision means that we use data and data analysis structurally to execute more effective supervision.

For example, we used data to monitor the most important trends and developments in the pension sector and to conduct risk-based supervision. With the entry into force of the new Pensions Act on 1 July 2023, the transition to the new pension system started and the annual request for information to pension administrators was amended. In 2024, we will take major steps to shape this risk-based supervision into data-driven processes. By developing a scalable and responsible methodology, we can now quickly obtain the necessary insights. This includes themes such as: *provision of information, decision support, governance and complaints*.

In 2024, we conducted an exploratory investigation together with the De Nederlandsche Bank to shape our vision on the application of generative AI. During this exploratory investigation, we looked for ways to use generative AI safely and responsibly to increase internal productivity and improve the quality of our work. We investigated applications that meet these criteria, safeguards and so-called guardrails and will use these options more widely in 2025 for the benefit of the AFM's objectives.

An example of a qualitative approach is that we are exploring the possibilities offered by generative AI and *Large Language Models* to effectively process and analyse information from annual reports for the supervision of reporting. This example of an innovative data-driven application offers a lot of potential and is being executed with a great deal of prudence. This exploratory investigation therefore focuses mainly on the question of whether and how we could use such techniques in the AFM in the future within the set frameworks.

In 2024, we started developing a new data-driven supervisory strategy, which we will finalise next year. In this strategy, we elaborate on how we can respond to the increasing digitalisation of the financial sector, how we can optimise the use of data-driven supervision to strengthen our risk-based supervision and what the further development of data-driven supervision requires in terms of data, data applications and

expertise. In addition, this year a quartermaster started preparing a *data office*, which we expect to develop further next year.

Result-oriented

Result-oriented means that we strive for a sustainable positive impact on the behaviour of institutions. To this end, we use formal enforcement and an informal intervention approach that focuses on the underlying causes and incentives for that behaviour. We use our scarce resources to prevent, limit and/or address important risks and aim to achieve as much as possible with our supervision. An example of this is our warnings about the risks of *Buy Now Pay Later* by consumers. Although we do not yet have a legal mandate to supervise this market, we have taken important steps in cooperation with the sector to ensure that minors do not get into trouble as a result.

Publications in 2024

Reports

- Agenda 204: Accelerating the sustainability transition of the financial sector is essential (January)
- De impact van AI in de financiële sector en het toezicht (April)
- AFM Annual Report 2023: young people most susceptible to digital temptations (April)
- Trend Monitor 2025: European venture capital is now mainly flowing into the US (November)

Consultations

- Consultatiereactie klimaatmaatregelen financiële sector: haak aan bij Europese initiatieven (April)
- Consultatie implementatiebesluit DORA (May)
- Consultatiereactie op de Wet toezichtondersteunende rapportage AFM (June)

Others

- FD-column Laura van Geest: Er is maar heel weinig simpel aan simpel beleid (February)
- DORA Update: develop ICT risk management framework (March)
- FD-column Laura van Geest: 'Barbertje moet hangen' is een verleidelijke uitweg (March)
- FD-column: 'Weerbaarheid weegt zwaarder dan autonomie' (April)
- Voor ingrijpende ontwikkelingen is aanpassing wetgeving gewenst (May)
- FD-column Laura van Geest: 'Dreigt trias politica dramadriehoek te worden?' (May)
- Europese toezichthouders publiceren greenwashing-rapporten (June)
- DORA-update: Management, classification and reporting of ICT-related incidents (June)
- FD-column Laura van Geest: 'Waardevol toezicht lukt alleen met scherpe keuzes' (June)
- Ready for DORA? The AFM publishes checklist for financial organisations (July)
- FD-column Laura van Geest over nepnieuws (July)
- FD-column Laura van Geest: 'Laat deelnemer meer baas zijn over groen pensioen' (August)
- DORA-update: Getting ready for DORA: the AFM explains the testing of digital operational resilience (September)
- FD-column Laura van Geest: 'In de wereld van AI ben je nergens zonder Europa' (September)
- Nieuwe ESMA-richtsnoeren voor ESG-of duurzaamheidstermen in fondsnamen (October)
- Opinion article AFM board member Jos Heuvelman: Voor modern financieel toezicht zijn data onontbeerlijk (November)
- Speech Laura van Geest at CSRD Day (November)
- FD-column Laura van Geest: 'Graag meer betutteling en minder gebruiksgemak' (November)
- DORA: AFM vraagt in februari informatieregister op (December)
- FD-column Laura van Geest: Hardlopers zijn doodlopers bij veranderen (December)

2. Supervision of financial services

Three transitions in 2024 have had a major impact on society, the financial sector and hence consumers. Digitalisation and related internationalisation, the transition to a sustainable economy and finally the pension transition. In 2024, these transitions also had an impact on the products and services offered by the financial sector, on the sector's performance and, finally, on our supervision.

The AFM always adheres to the principle that the client's interests must be central during these transitions. This means, among other things, that consumers are well informed about the financial products and services they intend to purchase and that they are treated with care throughout the duration of the product. Our supervision therefore focused mainly on this in 2024.

Finally, we paid a lot of attention to new laws and regulations and their effect on the sector and consumers. For example, we prepared for our new supervisory tasks under the Markets in Crypto-Assets Regulation (MiCAR) and granted the first three MiCAR licences in 2024.

This is what we achieved in 2024:

- Nationally and internationally, we encouraged financial service providers to continue to focus on the customer's interests in digitalisation, for example in the field of deferred payment.
- We ensured that market participants support consumers in making responsible choices for a healthy financial future. Where that did not happen, we intervened. We published two fines for excessive lending to customers and three fines for influencers.
- We helped market participants to comply with sustainability laws and regulations such as the SFDR, for example by offering them tools to implement improvements.

- In dialogue with the pension sector, we shared our concerns about the potentially unrealistic expectations of participants based on the transition communication. As a result, the sector is assuming its responsibility and clarifying communication by means of layered information and personal explanations.

Central priority to customer interests in digitalisation

We believe it is important that financial service providers use digitalisation in the best interest of their customers. This means, for example, that distribution and sales environments are clear and customer-oriented, and that financial services providers offer products and services that meet the needs of consumers. Moreover, digitalisation should not lead to exclusion.

Consumers better protected against excessive lending

Because the number of incident reports to the AFM increased, in 2024 we conducted an exploratory inspection of credit providers' change management processes, and specifically of the failure or insufficient testing of software changes, as a result of which errors could lead to excessive lending. By [sharing principles and good practices](#), we gave the sector tools to improve change management processes and credit underwriting processes. This ensures that consumers are better protected against excessive lending.

Cross-border services require cross-border supervision

Dutch consumers are increasingly served by foreign financial companies. In 2024, we closely monitored these cross-border services for signs of undesirable products and services, and we are committed to strengthening cross-border supervision of parties in the insurance and investment sector. Since harmonisation of regulations and processes is crucial for this, we contributed to the establishment of common principles and practices for conduct-of-business supervision with the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA). In addition, we shared knowledge and information with other European regulators and coordinated our supervision of firms operating on a cross-border basis. In specific cases, this led to a sharp decrease in the number of complaints from Dutch insured persons after the AFM's intervention.

Conversely, there are also operators with a Dutch licence offering services abroad based on a European passport. As a 'home' regulator, we warned a number of brokers that they should strengthen the services provided to retail investors, so that they act more in the interest of the investor, and that they should comply consistently with disclosure standards for communication about services in other European Member States.

To promote investor protection, we participated in various working groups and standing committees at European level. For example, we provided input for topics such as digitalisation, best execution, cost and charges disclosure and marketing.

We participated in various working groups within IAIS, the international standard-setting organisation in the field of insurance supervision. As of 2024, the AFM will chair the Market Conduct Working Group of IAIS, the part of IAIS that is primarily concerned with conduct supervision.

Buy Now Pay Later concerns us

In 2024, we continued to prepare for the supervision of Buy Now Pay Later (BNPL) providers. In response to a data request, we expressed our concerns about the use of this service by minors. We also expressed our concerns about the use of BNPL in physical stores on several occasions. We received a lot of support for this. The [government programme of the Schoof cabinet](#) (September 2024) states that age verification will become mandatory for BNPL. We conducted several market discussions with, for example, large technology companies and online shopping platforms that may come under our supervision in 2026. We participated in the Klarna College of Supervisors, initiated by the Swedish regulator, to strengthen cross-border supervision.

Extra attention paid to neo-brokers

In 2024, we paid extra attention to neo-brokers. We cooperated extensively with DNB and European national competent authorities. We conducted thematic and individual investigations (including informal enforcement) and held discussions, as a result of which various brokers adapted their methods and processes. Consequently, we reduced the risks related to administrative deficiencies, securities lending, the compliance function, new business models, client classification and the ban on inducements.

We also investigated a selection of smaller investment firms, looking at compliance with the requirements regarding professional competence, the product governance process and suitability of investment portfolios. The results of the study will be shared with the sector in 2025.

A fair premium for loyal policyholders

In 2024, we examined whether insurers apply different profit margins per customer. Our findings show that in 47% of the insurers examined, loyal customers pay a higher premium for at least one insurance product compared to customers renewing their policy for the first time, without any actuarial reason. This practice may conflict with principles of fair customer treatment and product development standards. We will engage in discussions with insurers where this form of margin personalization occurs and will continue to monitor developments.

Responsible choices for a healthy financial future

We see that the choice environment and distribution channels are changing due to digitalisation. As a result, the way consumers are influenced is also changing, for example due to influencers and social media. We believe it is important that market participants support consumers in making responsible choices.

Insight into digital marketing and social media

In 2024, we gave priority in our supervision to market participants that offer products in an accessible way through apps and digital marketing. For example, we investigated embedded insurance and published information on it in the Beursbengel and on [VVP Online](#). In our supervision of information provision, we improved our visibility on digital marketing and social media. We carried out various interventions in response to violations within digital marketing. We updated our [Policy Rule on the provision of information](#) in the field of *affiliate marketing* and pension communication. Within the Digital Regulators Cooperation Platform (SDT), of which we are a part, we commissioned [research](#) (in Dutch) into sponsor mentions by influencers. This showed that the current legislation for influencer marketing falls short in protecting children and young people. The research makes clear how influencers can best design sponsor mentions.

The AFM effect

Fines for influencers



How the AFM uses formal interventions (fines) to ensure that influencers are aware of the legislation that applies to them, so that consumers are better protected.



What was the problem?

Finfluencers are influencers who speak out about investing in financial products on social media, websites or in podcasts. We knew from research that investors use information on social media when making investment decisions. Partly as a result of the rise of easily accessible investment apps, investing is becoming increasingly accessible. The number of young investors is increasing rapidly. Although the services and technologies are therefore quite up to date, the relevant regulations date from 2007, a time when investment apps were not yet commonplace.



What did the AFM do?

In 2021, the AFM conducted an exploratory investigation of this market. We looked at statements made by 150 finfluencers on social media and websites. What were the findings? Finfluencers and investment firms did not always comply with laws and regulations. For example, investment advice was given without a licence, there was insufficient diligence in investment recommendations, finfluencers received fees for bringing in customers, they touted risky financial products and they worked with illegal parties. The AFM's investigations led to the AFM imposing several fines. Five fines imposed on finfluencers in 2024 for involvement in illegal asset management have now been published, ranging from €34,000 to €620,000.



What did the market do next?

The AFM's exploratory investigation and the subsequent formal action led to finfluencers now checking more closely whether their activities comply with the legislation, and making adjustments where necessary, such as avoiding giving investment advice or increasing the quality of information.



What is the impact of this?

The fines signal that the AFM takes action against undesirable collaborations, prevent repeat offending by those involved, inform other finfluencers about the applicable legislation and act as a warning to investors. Consumers are better protected by finfluencers avoiding investment advice and recommendations and communicating more clearly about risks and commissions.



Fines ensure that influencers are better informed about the rules.



Guideline for scenario analyses from a customer perspective for the PARP standard

We published this guideline in 2024 to provide guidance for developers and co-developers of financial products to perform scenario analyses to test the operation of products under different circumstances. These analyses are part of the 'Product Approval and Review Process' (PARP) and aim to ensure that consumers receive financial products that match their situation, so that they are better protected. The guideline has been well received by the sector and has a lot of support. We have distributed the translation of the guideline to the other supervisors in Europe through ESMA and EIOPA.

Fines for excessive lending to customers

We investigated credit providers for responsible lending. We tested compliance with the lending standards to prevent problematic debts among consumers. The file investigations showed that several operators did not meet the standard, resulting in excessive lending to large groups of customers. In 2024, two fines were published that the AFM imposed in response to excessive lending to customers. All customers involved have been compensated by the credit providers concerned.

Partly thanks to our input, the term "stable income" has been clarified in the Temporary Mortgage Credit Scheme. We also contributed to the evaluation of this scheme on behalf of the Ministry of Finance and the Ministry of Housing and Spatial Planning. The Ministry of Finance amended the relevant articles with effect from 2025. We also contributed to the evaluation of this scheme by the Ministry of Finance.

Proper compliance with sustainability laws and regulations

There are many policy-related issues that touch on the improvement and financing of housing sustainability, climate risks and home valuations. The AFM aims to ensure proper compliance with laws and regulations in the field of sustainability, such as the Sustainable Finance Disclosure Regulation (SFDR), in which the interests of the consumer must come first.

Compliance with Sustainable Finance Disclosure Regulation (SFDR)

In our oversight of proper compliance with the SFDR, we placed a high value on the availability, quality and comprehensibility of sustainability-related information. On the basis of a self-assessment, the banks, investment firms, pension administrators and life insurers were given insight into their compliance with the SFDR and the improvement actions expected by the AFM. Furthermore, our investigation into a selection of product templates showed that the quality and comprehensibility of the information in SFDR templates that companies must use was still deficient. Our call to the sector to adjust this led to many improvements.

For pension funds and premium pension institutions (PPIs), we compared the results of the self-assessment against the results of an earlier self-assessment from 2022. This allowed us to gain insight into how the SFDR is applied and complied with across the market and what changes have taken place. For example, based on pension administrators' responses in the self-assessment, we saw a 13% increase in the number of pension schemes promoting sustainable characteristics and a 10% increase in the number of pension administrators that take their negative impact into account. These insights contributed to compliance with the SFDR, with the aim of achieving maximum transparency about sustainability for participants.

Sustainability in non-life insurance

In non-life insurance, relatively few specific sustainability guidelines apply. In 2024, we delved into this topic. We drew up a format to ask insurers how they interpret the concept of sustainability in their products. In doing so, we laid the foundation for future supervision of sustainability aspects and related claims in the non-life insurance market.

Sustainability in product development

By means of a self-assessment, we investigated the extent to which banks, investment firms and life insurers include sustainability in their Product Oversight & Governance (POG) and suitability tests. The self-assessments offered the companies the opportunity to analyse for themselves where they do and do not meet the requirements and where action is still needed. We shared [our findings](#) with the sector and provided a number of tools enabling market participants to implement improvements, for example in the area of better access for investors to sustainable product offerings by making the explanation of sustainability preferences more understandable and by asking investors more rigorously about these sustainability preferences. In addition, we expect market participants to evaluate their product range and include sustainability factors in their evaluation.

Sustainability claims

Sustainability plays an increasingly important role in consumer choices. Pension providers also include sustainability claims in communications with employers and pension scheme members. Employers can include this information in the choice of a pension product, and scheme members can include it in the discussion about their pension provider's investment policy. Therefore, they should be able to have confidence that sustainability claims are fair and in line with their expectations. That is why in 2024 we launched an exploratory study into sustainability claims by banks, investment firms, pension funds and insurers to determine the extent to which sustainability claims in the market are correct, clear and not misleading. We will use the results of the exploratory study (2025) to determine our priorities in supervision.

Durability and lending standards

The development of 'the vision on sustainability issues and modernisation of the lending standards for mortgage credit' was postponed in 2024 to 2025 due to a lack of capacity.

Careful transition to a new pension scheme

It is important that pension scheme members understand the transition to a new pension scheme and are informed in good time about the consequences for them. The pension scheme investment policy should also be in line with the risks that participants are willing and able to bear, and participants need adequate guidance by the pension provider when deciding on options provided in the scheme.

Layered information and personal explanations

In 2024, we examined the way pension funds communicated with their scheme members regarding the Indexation Governmental Decree and the pension funds' 'bridging plan' (*overbruggingsplan*). We also shared our concerns with the sector about the potentially unrealistic expectations of scheme members included in the transition communication (i.e. the specification of the pension entitlement after the transition to the new pension system). As a result, the sector has acknowledged its responsibility and will improve its communication by means of layered information and personal explanations.

Because the transition specification (*transitieoverzicht*) is the most concrete information for participants on the consequences of the pension transition for them personally, we examined the structure of these specifications from pension funds, insurers and premium pension institutions. In the second half of 2024, pension providers reported that they had made improvements because of our audit, for example by adding personal explanations. These personal explanations should correspond to the personal situation of the scheme member, and to the calculations shown.

Risk-based data-driven supervision of second-pillar pensions

We have adjusted the annual supervisory survey in such a way that the questions are more in line with the Pensions Act. This enhances risk-driven data-driven pension supervision and provides insight into developments and risks in the market for second-pillar pensions during and after the transition.

We had already adopted this new approach in the questionnaire for our annual Second-Pillar Pension Supervisory Survey for the 2023 reporting year. The results from the adjusted survey are better adapted to the transition to new pension schemes and allow us to continue to monitor developments and risks within the pension sector. The changes also immediately provide a clearer picture of themes that we were already following, such as those in the field of pension options, information provision and complaints procedures. At the same time, we also improved our internal systems and processes to work more efficiently and get the maximum impact from the information we receive. This helps us to identify the correct risks to address.

Sharing in-depth pension insights with the sector

Based on the Second-Pillar Pension Supervisory Survey data from all Dutch pension providers, we published our annual [Pensions Sector Overview](#). Pension providers also received individual feedback based on the data from this publication, including on choices made by participants and on unclaimed pensions.

In 2024, we shared our interim research findings and good practices regarding the implementation of new standards and duties by pension providers, for example through our website, through publications and through the AFM Transition Bulletin. We also had engagements and discussions with pension providers and industry associations. In addition, we organised various roundtable meetings (for example on the topic of the mandatory communication plan and one specifically for pension advisers), organised our annual Pension Event and participated in the AFM/DNB Transition Platform. This allows us to identify where further guidance is needed.

The AFM effect

Communication about the consequences of pension



How the AFM ensured that participants are well informed about relaxed indexation and therefore also about the consequences of choices made by pension administrators during the transition through contacts with the sector.



What was the problem?

As a result of a General Administrative Order (AMvB), pension funds that expect to enter the new pension system in 2022 and 2023 were already allowed to increase indexation pension benefits at a funding ratio of 105% or more, subject to certain conditions. This relaxed indexation led to a decrease in the funding ratio of pension funds that opted for this, as a result of which some participants (especially young people) are expected to accrue less pension than if the Indexation Order in Council is not used. Pension funds must communicate transparently about this, for example by making clear what the financial consequences are for each age cohort. AFM investigations in 2023 showed that communication about the relaxed indexation in many pension funds was still inadequate.



What did the AFM do about this?

When we raised our concerns after the first Indexation General Administrative Order, including in a report and supervisory letters, this led to heated discussions with the sector. We often heard that 'participants don't read the difficult information about pensions anyway'. We explained that some participants may not be interested in it now, but they will be interested in it when they are going to buy a house, for example, if they are considering retiring earlier or later, or when facing a life event such as a divorce. The survey in 2024 showed a clear improvement among pension funds that made use of the second Indexation Order in 2023.



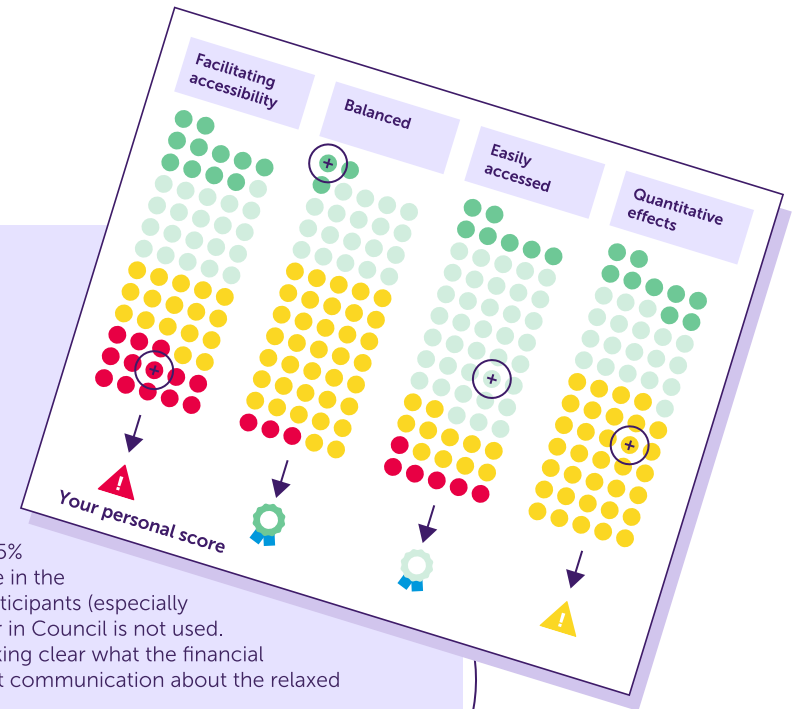
What did the market do next?

Pension funds started to communicate more clearly and in a more balanced way about indexation. For example, almost every pension fund shows a graph or table showing the financial effects for each age group. Communication has also become more balanced and clearer.



What is the impact of this?

Participants are largely informed in a correct, clear, timely and balanced manner about their pension entitlements. This was all the more important in 2024 because this was the first time that participants had to deal with the consequences of the pension transition.



Pension funds received feedback on how they scored on various aspects of communication.



Supervision of cryptocurrencies

The AFM further structured its supervision of MiCAR, devoting particular attention to topics such as money laundering, consumer protection, financial crime and illegality.

In 2024, MiCAR became fully operational, which means that we now supervise crypto service providers (CASPs) and advertisements and white papers on a large group of crypto assets. Even with the entry into force of MiCAR, we continue to consider trading in cryptos to be very risky for consumers. Since the Netherlands has a short transition period, we made preparations in 2024 to be one of the first countries ready to supervise. We therefore focused on building knowledge and sharing that knowledge in Europe, through Level 2 (technical standards of European financial supervisors) and Level 3 (elaborations of a legislative proposal in guidelines and recommendations) at ESMA. We also worked closely with DNB to limit the unnecessary supervisory burden on the sector.

We organised two well-attended seminars in which we explained MiCAR, the licensing process and the usefulness and necessity of critical supervision. In this way, we created support for our supervisory activities. We also offered a [pre-scan procedure](#) for operators preparing an application for a licence. To further facilitate the market, we periodically sent out a [newsletter](#) about the MiCAR implementation and published [Q&As](#). In April, we were the first European regulator to process licence applications and, after an intensive process, we granted the first licences in December.

The aim of this enforcement strategy is to protect consumers as quickly as possible from illegal CASPs and the associated risks such as losing deposits. Also, in the context of the level playing field in the Netherlands and Europe (in particular regarding licensed CASPs), it is important to be able to take swift enforcement action against illegal CASPs.

We published an in-depth analysis [of the use of crypto apps](#). This showed that apps are easy to use but also have a guiding effect.

Supervision of advisers and intermediaries

In 2024, we completed our investigation into the quality of mortgage advice. We discussed our findings with the larger advisory organisations and presented the results during a trade fair for mortgage advisers. The [report](#) we published (in Dutch) will enable mortgage advisers to improve their advisory services.

After disappointing results of our investigation into controlled and ethical business operations by financial service providers in 2023, we standardised our research methodology in 2024. In this way, from 2025 onwards, we can continue to pay attention to a number of basic requirements that financial service providers must meet for a future-proof sector.

Three financial service providers terminated their business as a result of our investigation into controlled and ethical business operations. Two of them requested us to revoke their licence because of our supervisory activities. We withdrew the licence from one licensed operator.

From 1 July 2024, new legislation on active commission transparency will apply. From that date, advisers and intermediaries will be obliged to actively inform consumers about the amount of arrangement and ongoing commission for private non-life insurance. In 2024, we used our contacts with the market to ensure the best possible implementation of these new transparency requirements. We published an [interpretation](#) (in Dutch) to facilitate advisers and mediators in this, and see many initiatives to properly implement the regulations.

We also published the [Sector in Beeld report](#) (in Dutch), in which we outlined the developments in the sector. This report also enabled financial service providers to compare their own situation with that of other companies that provide the same financial services and products. In addition, we visited nineteen different financial service providers during regular branch visits and manned a stand at 'AMdag' to talk to all kinds of stakeholders.

In 2024, we conducted an overview of risks and developments in the financial service providers market based on a risk inventory. This is part of the basis for the 2025 supervisory agenda.

We also began a study of the functioning of collective licensees, to gain more insight into the way in which they manage their affiliated companies. We expect the results of this study in 2025.

Ongoing and other financial service supervisory activities

In 2024, we devoted a large part of our time and capacity to ongoing tasks in the supervision of financial services:

- In 2024, we granted 258 new licences to financial service providers. We investigated riskier applications in more depth than less risky applications. 36 applications ultimately did not lead to a licence. We also took a critical look at requirements for the registration of affiliated companies by a collective licensee. In 13 cases this did not lead to a completed registration; in 190 cases the registration process was completed.
- 474 financial service providers asked us to revoke their licence. Some of these companies have ceased their activities for which a licence is required. Others continue differently, by affiliating with other licensees, for example, or merging or being acquired and continuing their activities under new licences.
- The consolidation that had been taking place in the sector for several years prior to 2024 is mainly evident from the figures in the personal assessments and the complexity of mergers, acquisitions and changes in legal form. The number of new persons to be assessed decreased in 2024 and the number of persons to be assessed who were already known to the AFM due to previous assessments increased.
- In addition, significantly more European passport holders (318) were registered in 2024. These are companies that are allowed to provide services in the Netherlands on a cross-border basis under the licence obtained in another European Member State.
- We tested the propriety and suitability of 1,307 policymakers, supervisory directors and co-policymakers. Here too, we determined on a risk basis where we would conduct more in-depth investigation. Of the proposed reviews, 59 were not approved. We invested in setting up a more automated source investigation in reliability testing to carry out this task more efficiently without compromising on due diligence.
- We monitored innovation in the market. As more and more financial institutions are using algorithms and artificial intelligence, we have developed an internal framework for monitoring algorithms used in the retail market.
- We monitored market-wide developments and technological advances and contributed to safeguarding the duty of care in the digital environment. We discussed requests that came in through our InnovationHub and were therefore able to assess and adjust various innovative operating concepts at an early stage. We provided international input through EIOPA and the International Association of Insurance Supervisors (IAIS) to contribute to European and global consumer protection in a market where cross-border services are increasing every year. We shared our insights through various universities, including Nyenrode and the University of Amsterdam.
- As a conduct-of-business supervisor, we focused on protecting millions of pension participants. We received about a hundred signals concerning pensions, which gave rise to follow-up actions where necessary, for example in the case of problems with data quality. We issued a [sector letter](#) (in Dutch) with our expectations of the market's approach to data quality issues. At the request of the Ministry of Social Affairs and Employment, we also carried out three [supervisory tests](#) (in Dutch), which concerned the Decree on equal adjustments with spreading in the solidarity-based contribution scheme, the Decree on the provision of data for choice guidance and the Decree on transition periods. We tested these decisions for enforceability for our supervision and concluded that we could supervise these new legal requirements. In each of the tests, we emphasised some safeguards from a participant's perspective.

The AFM effect

A strong compliance function in financial institutions



How the AFM ensured a stronger compliance function in financial institutions, so that they better comply with laws and regulations, and therefore, for example, properly safeguard the customer's interests in product development.



What was the problem?

We saw that banks, insurers, advisers and intermediaries did not always work in a properly centralised manner on the AFM's supervisory topics. The overview was lacking, as was an unambiguous management and approach. As a result, these companies had less improvement capacity than we would like.



What did the AFM do about this?

Since 2019, we have been investigating how the Executive Board, the compliance function and the audit service contribute to AFM supervisory priorities, such as safeguarding the client's interests. Our research methodology ensures that we can compare companies and monitor their development. This allows us to make our expectations explicit, which improves the discussions between the AFM and these companies.



What did the market do next?

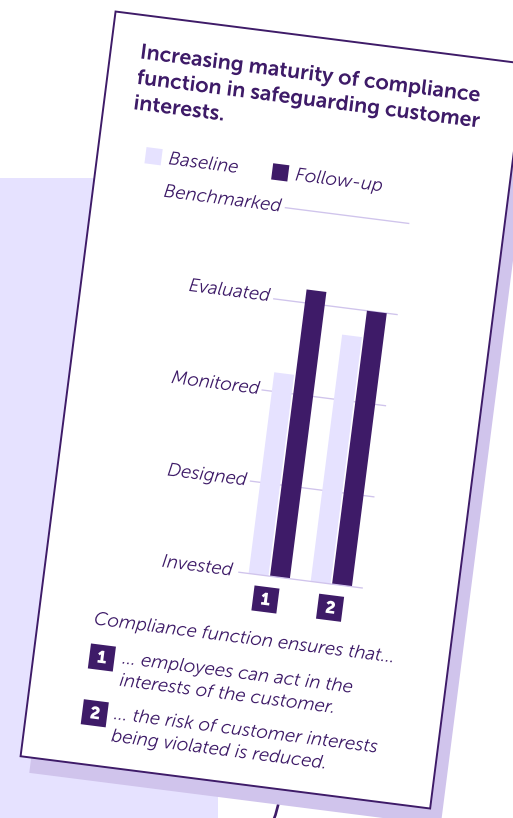
Each company drew up a plan with concrete actions to improve the maturity of the compliance function in working on supervisory priorities and shared this with the AFM. The figure below shows these developments on the subject of 'customer interest first'.

Setting up a fully-fledged compliance function works. Whereas previously these companies could mainly show policy and its monitoring, they now evaluate the operation of this policy more often within their compliance function. In other words, whether they really serve the customer's interests better with their policy. Moreover, in the evaluation interviews, companies indicate that the AFM's perspective helps with their development.



What is the impact of this?

The result of the AFM's investigation into the compliance function contributes to its task maturity. The companies involved took further steps in the maturity of the compliance function in 2024. This benefits compliance with laws and regulations. We see this, for example, in the safeguarding of the customer's interests. Proper safeguarding of the customer's interests is an important condition for the development of financial products and services that are a good fit for customers, ensuring more suitable products and better outcomes for consumers.



- We continuously monitored advertisements and other communications by providers of financial products and services, and intervened where necessary. In 2024, we focused on three themes:
 - Clear information on security requirements for theft and burglary coverage for vehicle insurance on the insurance card.
 - Service provision document: we asked 133 financial service providers to remove the service provision document from their website and check whether the comparison card was easy to find on the website.
 - Analysis of advertisements of exempted offers, including compliance with the display of the exemption notice.

Insuring climate-related risks

We carried out analyses in order to monitor current and future climate-related risks. This is part of broader monitoring of changes in insurance coverage for climate-related damage. The purpose of this is to ensure that policyholders can understand what they are and are not protected against and are not faced with surprises. In addition, we also promoted awareness and action at the international level on climate-related uninsurability and underinsurance, including through knowledge-sharing with stakeholders (including international regulators) and participation in international collaborations and conferences.

Ban on commissions on investment services provided by investment firms

In 2024, we investigated compliance with the ban on inducements for investment firms providing investment services. This led to several interventions, for example regarding prohibited payment structures among financial service providers and between financial service providers and affiliates. The ban on inducements remains an important standard for the AFM to ensure that undesirable financial incentives do not harm the interests of the client.

Follow-up monitoring of closed-book

In the life insurance market, margins are under pressure due to large portfolios of products that are no longer sold. In 2024, we focused on the consequent risks to the interests of the customer. We therefore held interviews with life insurers with such portfolios, about services, outsourcing and the provision of information. We also spoke with various stakeholders about underinsurance in term life insurance.

Trends in complaints

For the sixth year in a row, we also surveyed the registered complaints among all insurance providers. [We shared the insights obtained](#) with the market participants (in Dutch) and used them for our supervision. Some striking trends prompted consultations with the relevant insurers to identify causes and, where necessary, to take steps to reduce rising or high complaint numbers.

Supervision of the BES islands

In 2024, we focused on responsible lending, appropriate advice and the prevention of money laundering and terrorist financing in the supervision of financial enterprises operating on Bonaire, St. Eustatius and/or Saba (BES). We carried out this monitoring both online and during on-site visits, with file checks as the main monitoring tool. In collaboration with DNB and the Financial Intelligence Unit (FIU), we organised a seminar for employees in the financial sector on the BES islands. In addition, we worked with other regulators within the Kingdom of the Netherlands in various areas. In 2024, the AFM processed one licence application for the provision of credit and carried out three assessments or reassessments of persons. In addition, we received a new licence application, which is currently still being processed.

Table 1. Overview of the number of signals, reports and incident reports about and from financial service providers in 2023 and 2024. Signals can come from consumers, market participants and AFM employees.

Reports comprise mandatory and voluntary reports from the sector about possible abuses or violations of laws and regulations. Incident reports are mandatory reports about incidents within a company that may affect the reliability of policymakers, ethical and controlled business operations and the continuity of the company.

Description	2024	2023
Signals	417	469
Reports	148	148
Incident reports	18	28

Publications in 2024

Reports

- Consumentenmonitor Beleggen: Ongeveer helft particuliere beleggers let op duurzaamheid van hun beleggingen (February)
- Informeer pensioengerechtigde minstens maand vóór aanpassing variabel pensioen (February)
- AFM geeft aanbevelingen voor verbeteren klachtenprocedures pensioenfondsen (February)
- Consumentenmonitor Hypotheekbezitters: Hypotheekbezitters vaak niet goed op de hoogte van kansen en risico's (March)
- Crypto apps are not yet tailored to customers' interests (April)
- Action needed to stop minors from using Buy Now, Pay Later (April)
- Clearly worded information and an appropriate product range are key to sustainable investments (May)
- Sectorbeeld pensioenen schetst aandachtspunten bij transitie (May)
- Tien principes voor ondersteuning changemanagementproces kredietverstrekking (juli)
- Ready for DORA? The AFM publishes checklist for financial organisations (July)

- Advies op maat ook mogelijk voor aanvullende hypotheek duurzaamheidsmaatregelen (August)
- Lichte daling aantal klachten bij verzekeraars in 2023 (September)
- Deelnemers hebben recht op het volledige verhaal: informeer naast kansen, ook over risico's (October)
- Kwaliteit hypotheekadvies: AFM ziet ruimte voor verbetering (October)
- Sector in beeld financieel dienstverleners: Toekomstbestendige FD-sector vraagt om verantwoorde groei (October)
- Vijf handreikingen voor pensioenfondsen voor een gedegen 'opdrachtbevestiging' (October)
- Consumentenmonitor Beleggers: Nog niet altijd naar duurzaamheidsvoorkeuren van beleggers gevraagd (November)
- European venture capital is now mainly flowing into the US (November)
- Laat deelnemers duidelijke afweging maken tussen risico en rendement (December)
- Consumer monitors on insurance, ownership of financial products, loans and pensions (December)

Guidance

- Guideline on 'Scenario analyses from a customer perspective' for the PARP standard (December)

Consultations and supervisory tests

- Consultatie Herziene Beleidsregel Informatieverstrekking (April)
- Consultatie leidraad PARP 'scenarioanalyses vanuit klantperspectief' (April)
- Consultatiereactie Ontwerpbesluit gelijke aanpassing met spreiden bij een solidaire premieregeling (May)
- Toezichttoets Besluit gegevensverstrekking voor keuzebegeleiding (March)
- Toezichttoets Ontwerpbesluit gelijke aanpassing met spreiden (June)
- Toezichttoets Ontwerpbesluit transitietermijnen (November)
- Toezichttoets Conceptwetsvoorstel toezeggingen pensioenonderwerpen (December)

Sector letters

- Sectorbrief datakwaliteit (November)

Others

- AFM Signalenmonitor: AFM ontving minder signalen in 2023, oplichting door nep AFM-medewerker blijft probleem (January)
- Positief oordeel EBA over toezicht op betalingsachterstanden bij hypotheek (januari)
- Marktmonitor 2024 voor 6.300 adviseurs en bemiddelaars van start (February)
- Cryptodienstverleners kunnen vanaf 22 april vergunning bij AFM aanvragen (February)
- Transitiebulletin pensioenen 17 (February)
- Transitiebulletin pensioenen 18 (March)
- Toetsrente hypotheek tweede kwartaal 2024 is 5% (March)
- Verslag Platform Pensioentransitie (March)
- Interpretatie groepsverzekeringen: Vergunningplicht voor sommige aanbieders van groepsverzekeringen buiten de financiële sector (March)
- Transitiebulletin pensioenen 19 (April)
- Crypto-asset services can submit licence applications to the AFM from 22 April (April)
- Transitiebulletin pensioenen 20 (May)
- Interpretatie van actieve provisietransparantie bij schadeverzekeringen (May)
- Veel signalen over nieuwe werkwijzen van oplichters (May)
- Verslag Platform Pensioentransitie (June)
- Toetsrente hypotheek derde kwartaal 2024 is 5% (June)
- Transitiebulletin pensioenen 21 (July)
- Bedrijven die zonnepanelen verhuren met koopoptie hebben mogelijk AFM-vergunning nodig (August)
- Transitiebulletin pensioenen 22 (September)
- Verruiming bij versturen UPO in jaar voor overgang naar nieuwe pensioenstelsel (September)
- AFM warns against crypto pump-and-dump schemes (September)
- AFM publishes revised Policy Rule on Provision of Information (September)
- Verruiming bij versturen UPO in jaar voor overgang naar nieuwe pensioenstelsel (September)
- Toetsrente hypotheek vierde kwartaal 2024 is 5% (September)
- Jos Heuvelman op 25-jarig jubileum DSI (October)
- Transitiebulletin pensioenen 23 (October)
- Verslag Platform Pensioentransitie (October)
- Transitiebulletin pensioenen 24 (November)
- 2025: toegankelijkheidsrichtlijn van toepassing op online financiële dienstverlening aan consumenten (November)
- Mogelijke vergunningplicht zorgaanbieders (November)
- Week van de Belegger 2024 (November)
- Speech Hanzo van Beusekom at BeleggersFair 2024 (November)
- Verslag Platform Pensioentransitie (November)
- Transitiebulletin pensioenen 25 (November)
- AFM en DSI verlengen convenant over vakbekwaamheid met twee jaar (December)
- Toetsrente hypotheek eerste kwartaal 2025 is 5% (December)
- Transitiebulletin pensioenen 26 (December)
- From 30 December 2024, licence or notification required for crypto services (December)
- Advies TUPO-model 2025 (December)
- Advies UPO-modellen 2025 (December)
- Webpagina over scenario's bedragen
- Vernieuwd beleid ontheffingsverzoeken diplomaplicht
- Webpage Credit servicers and credit purchasers

3. Supervision of capital markets

Capital markets play an important role in making capital available for economic activities, the redistribution of financial risks, the financing of sustainability and the energy transition. It is essential that market participants have confidence in the proper functioning of the market.

In 2024, the consequences of accelerating digitalisation, sustainability and internationalisation will continue to have a significant impact on market structures and the behaviour of trading parties. In the field of digitalisation, market participants had to deal with, among other things, the implementation of the Digital Operational Resilience Act (DORA) and the growing importance of controlling algorithms. And for parties that carry out transactions in (OTC) derivatives, EMIR Refit (regulatory fitness and performance programme) has gone live.

In addition, capital markets played an important role in the sustainability transition through financing and through the trading of CO₂ emission allowance derivatives. More attention was also devoted to cross-border and cross-platform market abuse because of the international operation of the capital markets.

This is what we achieved in 2024:

- To promote transparent financial markets, we placed extra focus on the correct filing of annual financial reporting and transparency reports. This led to 23 enforcement measures and 254 corrections in the AFM registers.
- In the field of insider trading and market manipulation, we started a total of fourteen new investigations based on our own detection and reports by third parties. We imposed an administrative fine for market manipulation. In addition, we took twelve other formal or informal measures.
- Our knowledge and supervision of algorithmic trading was expanded through collaboration with the University of Oxford, among others. This led to several publications.

- Risk-based, data-driven supervision was strengthened by combining existing and new capital market data sources (EMIR Refit) that provide new insights for use in supervision on market abuse, reporting and transaction reporting.

Tackling market abuse

Identifying and enforcing

In 2024, the AFM received a total of 662 reports of suspected market abuse, including 589 Suspicious Transaction and Order Reports (STORs). Market operators of regulated markets, investment firms that operate a trading platform and persons or legal entities that carry out transactions in financial instruments in a professional capacity are obliged to report a suspicion of market abuse to the AFM. This report is called a STOR. The number of domestic STORs increased by 8% in 2024. The AFM also receives reports from national competent authorities (NCAs).

The number of STORs from abroad decreased by 38% last year. As a result, the total number of STORs decreased by 19% to 589. Inquiries show that the total number of STORs in two EU Member States from which the AFM receives many STORs has decreased compared to previous years. The NCA of a third country from which the AFM receives many STORs has started closer monitoring to ensure that STORs which have already been sent by the market participant to another supervisor (e.g. the AFM) are not also forwarded by them.

At the beginning of 2024, 25 investigations were ongoing into possible violations of the market abuse legal framework. In 2024, we opened fourteen new investigations into possible violations of the prohibitions on insider dealing and market manipulation. We also started six new investigations into suspected non-compliance with legal obligations, such as the detection and reporting of suspicious orders and transactions, the timely disclosure of inside information and

the correct and transparent issuance of investment recommendations. These investigations led to 13 formal and informal actions, including one administrative fine. The administrative fine was imposed for market manipulation. Sixteen investigations are still ongoing.

We suspended trading in a share on one occasion in 2024. The reason was the information asymmetry that had arisen in the market. [AFM Market Watch #9](#) explains more about the how and why of circuit breakers and trading suspensions.

In 2024, we worked even more closely with NCAs to tackle international abuses. A good example of a cross-border approach is the preparation of the approach to market abuse in the crypto market. We have been the driving force behind the ESMA initiative to develop a joint monitoring tool for cryptos. With this tool, we can map on-chain transactions in crypto and detect market abuse.

In addition, we contacted various Dutch parties active in the mergers and acquisitions sector to make them aware of the practices used by international market participants to gain unlawful access to sensitive information. The aim was to reduce infringements in the field of market abuse with an international component.

In collaboration with ESMA, we also created an [information campaign](#) aimed at influencers and investors. The aim was to give investors a better understanding of the degree of objectivity of the investor information.

We ensure that trading on the gas derivatives market is fair and transparent by monitoring the market and intervening in the event of prohibited trading practices. We continuously monitor possible market abuse. We do this on a data-driven basis, using the data we receive from the exchange and from investment companies. In addition, we receive external signals from the exchange and the investment companies, but also from ACER (the European Agency for the Cooperation of Energy Regulators). Where possible, we publish our enforcement measures externally to provide more clarity to the market.

The REMIT Regulation was amended on 7 May 2024. This provides an overlapping supervisory mandate for commodity derivatives with the Netherlands Authority for Consumers and Markets (ACM). Thanks to good cooperation, there is continuous sharing of insights into and knowledge about commodity derivatives between the AFM and ACM, and of signals about suspicious trading practices. ACM and the AFM actively support each other, including in investigations into market abuse.

In addition to monitoring transactions, we also assess the size of trading positions in the gas derivatives market, where there is a risk of market concentration. In the case of physically settled derivative contracts, a market participant could build up too large a position in relation to the rest of the market with the intention of 'cornering' the market, which is a misleading market practice. Since 1 July 2024, we have had the role of Central Competent Authority (CCA) in the TTF gas market segment. In this role we oversee the MiFID II position limit regime. The AFM is responsible for setting the single position limit for the Dutch TTF gas contracts traded on ICE Endex B.V. based in Amsterdam and the European Energy Exchange AG based in Leipzig. In addition, we monitor the accumulated TTF gas derivatives positions obtained from both these exchanges by checking outstanding positions of market participants in these TTF gas derivatives on a daily basis. This control ensures that the positions of market participants remain below the set position limit.

The AFM effect

Fewer illegal trading platforms



How the AFM, by influencing existing policy and contributing to new policy at the international level, ensured a more level playing field for market participants, more transparency and a more stable financial system.



What was the problem?

Large-scale OTC trading in opaque derivatives led to the biggest financial crisis since the 1930s in 2008. MiFID2 was supposed to offer a solution for this, but it soon became clear that the legislation was too unclear. When was OTC trading still allowed and when exactly did it fall under the licence requirement? In addition, there were differences between Member States in the transposition into national legislation. MiFID2 turned out not to be easy to enforce.



What did the AFM do about this?

We insisted on a rapid revision of the new legislation and on the move from a European directive to a European regulation with direct effect. This solved the problem of differences in national implementation. In addition, the AFM was the main author of the ESMA opinion that made clear what type of trading requires a stock exchange licence. The new legal regime came into force in the spring of 2024.

We drew the attention of interested market participants to the new legal regime. We also announced that we would take a more lenient view of possible illegality in new licence applications, but that this grace period would only apply for a limited period, after which we would use tougher enforcement instruments.



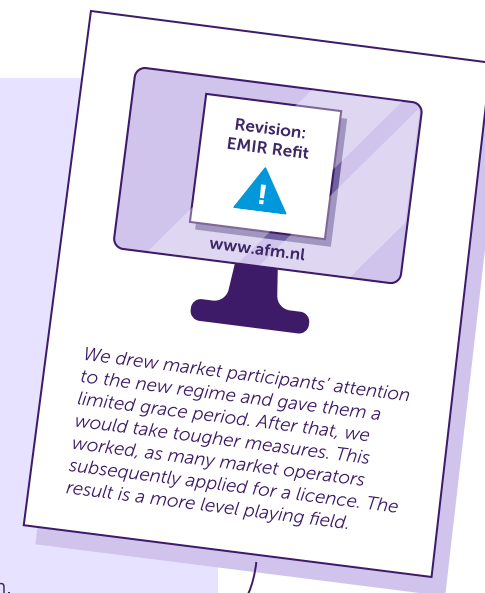
What did the market do next?

This raised awareness in the market: the risk of continuing to trade on trading platforms that do not have the necessary licence became a topic of discussion in the trade media. The trade associations now also know that we will proceed with enforcement.



What is the impact of this?

Many market operators applied for a licence. The result was a more level playing field for parties that offer the same type of market platforms and comply with laws and regulations. Trading on transparent supervised platforms leads to greater transparency, deeper liquidity, better investment protection and therefore a more stable financial system.



Influencing policy

In 2024, we committed to the establishment of Level 2 consultations under the Listing Act (including on [the draft technical advice on MAR and MiFID II SME GM](#) and on the [draft technical advice on the Prospectus Regulation and on the update of the CDR on metadata](#)). With these consultations, market participants were invited to respond to certain technical elaborations of the Listing Act.

The MIFIR review in March 2024 led to an amendment of European legislation. We successfully focused on monitoring the application of the new legislation in the Dutch market and on the further elaboration of certain technical standards. Important themes were the costs of market data and the management of risks associated with innovative digital systems for trade and price development.

During the review of the Benchmark Regulation (BMR), we argued for changes that have led to a more risk-driven and proportionate regulation, and, where possible, centralisation of supervision. Previously, the same legislation applied to all benchmark managers regardless of their organisation's size. In collaboration with the Ministry of Finance, agreement was reached at the European level just before the end of 2024.

For CSDR Refit, we focused on cooperation between supervisors in an international context, for example by taking a position on the imminent entry into force of the provisions on the establishment of CSDR colleges. In doing so, we enabled the establishment of the right safeguards that make it possible to monitor the international level playing field between central securities depositories (CSDs).

For the EMIR Review (also known as EMIR 3.0), we focused on striking the right balance in access to key central counterparties (CCPs) located outside the EU in relation to strategic autonomy considerations and stability risks. Whether our efforts, which contributed to the requirement for market participants to maintain an active account with an EU CCP, had the desired effect, can only be concluded in the longer term.

The impact of digitalisation on capital markets

Drawing up a DORA implementation plan

In 2024, we conducted two DORA-preparedness investigations of capital market institutions to prepare ourselves well for this new supervisory task. These [studies](#) showed that some parties were well advanced in their implementation efforts for DORA and that other parties still had a lot of work to do. We shared the results of the studies with market participants. We also informed the market by organising roundtable discussions and by sharing DORA news updates. These initiatives contributed to the implementation of DORA by institutions. We also shared the obtained knowledge with DNB and within ESMA.

Control of algorithms through a CSA study

Together with ESMA and other NCAs, we conducted a Common Supervisory Action (CSA) study about control mechanisms for the application of algorithms by investment firms. This CSA study provided insight into the type of implemented pre-trade controls and their suitability, credit and risk limits in combination with pre-trade controls and the monitoring and governance framework. In general, the parties we investigated had implemented solid controls. The results of the study will be published by ESMA in early 2025.

Control of circuit breakers

In 2024, we investigated circuit breakers at trading platforms. The results of the investigation are applied in our ongoing supervision in which we specifically ask the trading platforms whether the guidelines on circuit breakers have been properly included in their changes.

Cross-platform market manipulation and the influence of algorithms

In 2024 we expanded our knowledge and supervision of algorithmic trading and machine learning, including through various collaborations and publications:

- The academic study '[Statistical Predictions of Trading Strategies in Electronic Markets](#)' in which, together with the University of Oxford, the potentially unintended negative effects of self-learning algorithms were examined, among other things.
- We contributed to the publication '[Artificial Intelligence Can Make Markets More Efficient—and More Volatile](#)' of the IMF.
- A workshop with the UK financial regulator (FCA) and academics on machine learning and algorithmic collusion.

These activities contributed to knowledge required for improved detection of market manipulation in various capital markets, including the trading of energy derivatives.

Reliable, consistent and timely sustainability information

Prospectus review strategy for sustainability-related information

In 2024, in addition to our sustainability information review strategy, we developed a sustainability information testing strategy for prospectuses in preparation for the issuance of European Green Bonds and for prospectuses of issuers subject to the CSRD. We used our position within ESMA to ensure that the requirements for sustainability information for prospectuses – which requirements ESMA must further elaborate in a draft delegated act – are in line with our strategy as far as possible. This is set out in [AFM Market Watch #12](#). We also drew up a strategy in preparation for the new supervision of European Green Bonds.

ESG benchmarks

We worked to increase the transparency of ESG factors in benchmark statements and methodologies by pointing out inconsistencies in EU legislation at the European level by i) participating in the Common Supervisory Action survey on ESG benchmarks and ii) by investigating various benchmark administrators who offer ESG benchmarks. The results of this study will follow in a publication by ESMA in 2025.

Information manipulation in sustainability communications

Following the introduction of the new CSRD legislation, we drew up a multi-year strategy concerning the impact on market abuse supervision. As part of our supervision of market abuse, we explicitly look at the way in which market participants deal with statements about sustainability. We published an initial analysis of the use of ESG-related information in press releases in the [AFM Market Watch #12](#).

The AFM effect

Improving the quality of alternative financial information



How the AFM ensured that the quality of alternative financial information in the Dutch market improved by sharing information by means of letters, reports and discussions.



What was the problem?

The AFM investigation in 2023 showed that the use of alternative performance measures (APMs) by Dutch listed companies in many cases did not meet the transparency standards set by ESMA. This made them difficult to understand or sometimes even misleading.



What did the AFM do about this?

The findings of the study led to the use of APMs becoming a focal point of capital markets supervision and reporting by 2024. We published our findings in the February issue of Market Watch. This publication has been downloaded 800 times from our website and attracted the attention of various trade media. With the publication and dissemination of the thematic review, we created broader awareness of the pitfalls of APMs and the importance of a balanced use of these figures.



What did the market do next?

As a result, these companies made adjustments and are now better able to comply with the ESMA Guidelines. These include, for example, improvements in transparent calculations of all figures, useful explanations of figures and the addition of missing comparative figures. We found improvements in all 17 companies surveyed.



What is the impact of this?

Dutch listed companies are now more aware of the ESMA legislation and now comply significantly with the transparency standards. This has improved the quality of alternative financial information in the Dutch market.



Other activities and ongoing supervision

Data-driven and risk-based supervision

Data-driven working methods were further expanded and professionalised with new supervisory data products that provide specific insights into supervised trading platforms, proprietary traders, signals of deviating trading practices based on a trader's trading profile, developments in interest rate derivatives trading and the quality of transaction reporting under SFTR and EMIR Refit.

In order to strengthen and solidify data-driven and risk-driven prospectus supervision practices, we have developed a large-language-model-based tool for the assessment of prospectuses, among other high-volume texts. This model can automatically check for the presence of certain mandatory information, allowing more efficient assessment of prospectuses. We also used transaction data, register data and instrument data (FIRDS) to build a prototype that enables data-driven detection of incorrect and/or missing substantial holdings in listed companies.

Since 2024, MiFIR transaction reporting data (RTS 22) has been compared thematically and partly with order book data (RTS 24) from various trading platforms under our supervision. This gives us an additional opportunity to verify the accuracy, timeliness and completeness of the reports by reporting entities.

Implementation of new controls and automated checks for proactive detection of reporting issues across all reporting regimes

The implementation of new controls and automated checks for the proactive, data-driven detection of reporting issues across all reporting regimes was not completed in 2024 due to reprioritisation.

EMIR Refit transaction reporting data

We achieved our implementation objectives with regard to the disclosure of EMIR Refit data by the deadline of 29 April 2024. During the transition period from 1 May to 1 November 2024, we carried out additional checks on the reporting parties for compliance with EMIR Refit. As a result, we spoke to eleven (larger) parties about material shortcomings in their reporting.

More responsibility for the parties in assessing the quality of their own transaction reports

More actively than before, we reminded parties with a reporting obligation of their responsibility and legal obligation to (periodically) check their transaction reports under MiFIR, EMIR Refit and SFTR for accuracy, completeness and timeliness. By focusing on 'getting it right first time' through these checks, we increase the quality – and hence usability – of the reported data.

There has also been more emphasis on the further risk-based structuring of MiFIR supervision. The scoring model of MiFIR and other incidents has been completely revised. In principle, new incidents only have to be reported if they cannot be resolved by the parties within T+3 days or if there are special circumstances. In doing so, we show our confidence in the independent problem-solving capacity of reporting entities that are well *in control* and we do not wish to place an unnecessary administrative burden on them. In addition, by starting to use a new template for reporting defects in transaction reporting, we are able to provide additional management information for supervisory purposes.

Building a new portal for notifications

We have decided not to build a specific portal for transparency notifications, including shareholder interests and directors' notifications. These reports will be included in an overarching AFM portal that is yet to be developed. In this way, we want to ensure uniformity and better accessibility of data to be included in the portal.

Improving the quality and presentation of the public registers

In October 2024, we completed a project to clean up the AFM registers for the financial years 2021-2022. This clean-up campaign resulted in the sending out of 194 e-mails with requests for information based on questions about 74 directors and supervisory board reports, 187 substantial holding reports and 407 insider reports. This resulted in 254 corrections in reports and specific enforcement actions.

Efforts have also been made to enforce the filing obligation for annual reporting. The enforcement actions against listed companies that have not filed their annual financial reporting, or have not submitted a complete filing, had an impact. In total, we sent eight supervisory letters and fifteen warning letters.

Carrying out one-off transactions for the benefit of institutions

In 2024, we held interviews and requested information from a potential benchmark administrator which intends to submit a formal licence application.

In 2024, in collaboration with the regulators DNB, the Belgian NBB and FSMA and the French AMF and Banque de France (BdF), we completed the annual CSDR review and evaluation for the CSDs from the Netherlands, Belgium and France. Due to the entry into force of EMIR 3.0, we did not conduct an annual review and evaluation for CCPs in 2024. These will be implemented from 1 January 2025 onwards (throughout the EU). We contributed to the assessment of licence extensions for CCPs, with Cboe Clear being authorised to include securities financing transactions (SFT) clearing services. We approved

three open access requests, so-called connections between CCPs and trading venues, in 2024.

After several years of silence after Brexit, we processed several licence applications from new trading platforms in 2024. Three of them - including two of the first regulated crypto derivatives trading platforms - were granted in 2024. Several other applications are being processed, entailing a significant expansion of our supervision area. Finally, two exemptions were also granted to trading venues from the United Kingdom enabling them to offer their services in the Netherlands.

Ongoing supervision of trading venues and capital market infrastructure parties

We applied the requirements of the EBA ESMA SREP guidelines in the ongoing supervision of proprietary trading firms by drawing up an integral risk picture for each institution. This risk assessment was shaped by means of annual surveys, dialogues with directors and members of the supervisory board and risk and compliance officers. Due to various supervisory issues, two proprietary trading firms were placed under enhanced supervision last year. During the year, one proprietary trading firm was declared bankrupt, which had no impact on the functioning of the market.

Regarding illegally operating trading platforms, we carried out two projects in 2024. The first was in the sector of foreign exchange derivatives. Second, in 2024 we investigated specific market participants operating in the commodity derivatives market from abroad. We coordinated our approach with other competent authorities.

In 2024, we continuously supervised the post-trade capital markets infrastructure parties: CCPs, clearing members and the CSD. Ongoing supervision includes regular supervisory meetings in which we examine market developments, operational activities of the institutions concerned and the behaviour of their customers and discuss ongoing applications regarding an extension of activities. National and international supervisory boards are also an important part of our ongoing supervision (see also the chapter on stakeholder dialogue).

An analysis of compliance with the required aspects of the BMR in the benchmark statement and the benchmark methodology resulted in changes to the approach of the annual review of the benchmark statement for one benchmark administrator. Another supervisory theme was the timely and correct publication of the mandatory BMR documentation upon launching new indices.

Participation in various international working groups

ESMA: CCP Supervisory Committee & Post Trade Working Group & CSDR Refit Task Force

We are members of ESMA's CCP Supervisory Committee and CCP Policy Committee, which deal with executive supervision and policy regarding European and so-called third-country CCPs. We are also part of the ESMA Post Trade Working Group (PTWG) and the CSDR Refit Task Force, in which policy matters regarding post-trade processes (EMIR OTC and CSDR) are discussed. The CSDR Refit Task Force is also responsible for the creation of CSDR Level 2 legislation and the realisation of the shortening of the European settlement cycle (so-called T+1). In addition to these policy-based working groups, we also participate in supervisory colleges, in particular >10 EU CCP colleges, four global CCP colleges and two CSDC colleges. More information about international cooperation can be found in the chapter on Stakeholder Dialogue.

Cooperation with the European Agency for the Cooperation of Energy Regulators (ACER)

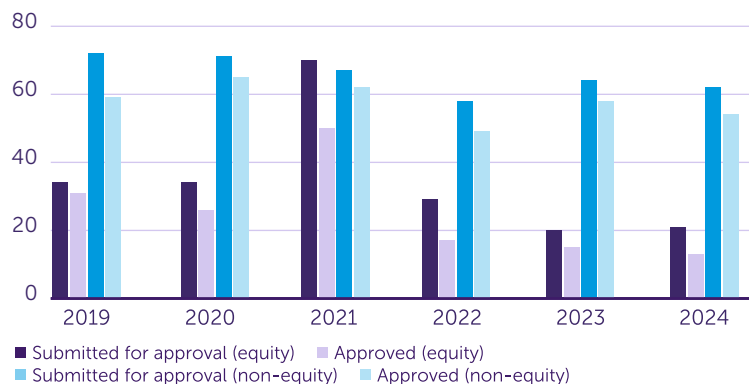
ACER is an organisation that ensures better cooperation between regulators in the electricity and gas markets of EU countries. With the advent of new regulations on fair and transparent trade in energy (REMIT 2.0), there is a shared responsibility in the market for financial instruments in commodities. The electricity and gas markets are fragmented and have strong links with society, as these are the most consumed sources and can be traded on spot and forward markets.

Cooperation between energy market regulators and financial markets with energy derivatives is becoming increasingly important because of interdependence. These markets are highly interconnected, which means that risks in one market can quickly spill over to another. Good cooperation between different regulators is therefore important to detect and tackle market abuse.

- *Report on pre-close calls*
We also worked together internationally in the field of pre-close calls. Together with other European regulators, we co-wrote the [ESMA statement of good practices](#) to increase transparency for investors. Issuers now have better tools to ensure that the provision of information for investors is fair.
- *Campaign on investment recommendations on social media*
In the area of investment recommendations, we worked with other regulators to develop an approach to raise awareness of social media use. This resulted in a campaign by ESMA that [includes information](#) for influencers and investors. This will increase the transparency of the recommendations and better protect investors.
- *IOSCO consultation report on pre-hedging*
We contributed to the International Organization of Securities Commissions (IOSCO) [consultation report](#). This report examines possible behavioural and market integrity issues that may arise from the use of pre-hedging. Pre-hedging is used by traders to manage market risks.

Supervision of prospectuses, final terms and supplements

Figure 2. Number of prospectuses, equity and non-equity, filed and approved, equity and non-equity 2019-2024



Supervision of public bids, supervision of the process of a public offer and review of documentation including the offer memorandum

Two public offers were announced in 2024, compared to seven in 2023. No public bids were declared unconditional by bidders this year; in 2023, there were five. In total, we approved two offer documents, compared to six in 2023. Furthermore, an exemption was granted once this year from obligations included in the bidding rules; in 2023 such an exemption was granted four times.

Publications in 2024

Reports

- Disclosure of APMs often lacks necessary level of transparency (February)
- AFM and DNB: recommendations for a strong European Capital Markets Union (February)
- AFM makes recommendations for IT security of capital markets (April)
- PTFs prioritise IT security, extra steps needed for DORA (December)

Guidance

- EMIR Refit reporting obligation in effect (April)
- ESMA Proposes Transition to T+1 Settlement by October 2027 (December)

Consultations

- Consultatie implementatiebesluit DORA (May)
- ESMA consults on active account requirements under EMIR 3 (December)
- Provided input for the upcoming ESMA Prospectus Regulation consultation: Call for evidence on potential further steps towards harmonising rules on civil liability pertaining to securities prospectuses under the Prospectus Regulation
- Contributed to the IOSCO consultatierapport on pre-hedging
- Contributed to Level 2 consultations under the Listing Act, including:
 - on the draft technical advice on MAR and MiFID II SME GM
 - on the draft technical advice on the Prospectus Regulation
 - on the update of the CDR on metadata

Others

- Participated in an information campaign of ESMA, aimed at influencers and investors (February)
- More effective supervision by centralising financial supervision data in Europe (March)
- Co-authored: ESMA statement with good practices regarding pre-close calls (May)
- Ready for DORA? The AFM publishes checklist for financial organisations (July)
- The Dutch Ministry of Finance, the AFM and DNB: recommendations for the review of the prudential framework for investment firms (September)
- AFM contributions at Eurofi Financial Forum in Budapest (September)
- Registration as Designated Publishing Entity open for investment firms (September)
- Speech Hanzo van Beusekom at Association of Futures Markets (October)
- Speech Laura van Geest at OPTIC: 'Laat gezond verstand zegevieren' (October)
- Consolidated Sanctions Report: belangrijke stap in toezichtconvergentie (October)
- Participated in the academic study 'Statistical Predictions of Trading Strategies in Electronic Markets' (October)
- Contributed to the IMF's publication 'Artificial Intelligence Can Make Markets More Efficient—and More Volatile' (October)
- Participation in more than 14 panels, including European Primary Bond Markets Regulation Conference 2024 on prospectus supervision and Joint Q&A panel discussion with BaFin on gas derivatives market supervision during Energy Trading Week (Londen)

4. Supervision of asset management

Compared to other European countries, the Netherlands has a large asset management sector. In the Netherlands, the asset management sector manages assets worth hundreds of billions of euros for pension funds, insurers and private households. Our supervision of the asset management sector focuses on controlled and ethical business operations. In 2024, we also prioritised the risks arising from the digitalisation, sustainability and internationalisation trends.

Digitalisation and technological developments are influencing the business operations of asset managers and the asset management chain. They provide opportunities to improve their performance, optimise customer service and gain a competitive advantage in the industry. Digitalisation also entails important risks. For example, the increasing outsourcing of (partial) business processes to large service providers, including cloud platforms, makes asset management vulnerable to cyber incidents.

The sustainability transition also played an increasingly prominent role in 2024. Asset managers need to integrate sustainability into their business operations, manage the risks of this transition and provide full transparency to investors about how they pursue sustainability.

In addition, important European legislative and regulatory processes have an impact on the sector and our supervision. To create a level playing field and to be able to monitor it properly, a European approach and cooperation was also central in 2024.

This is what we achieved in 2024:

- Asset managers were given tools to help them set up their processes, systems and internal controls for risk management in ESG data.
- We made recommendations that should lead to improvements in the monitoring of outsourcing.
- We enabled investment firms to improve the quality of their business operations with the tools we provided them.

Completion of the outsourcing investigation

In 2024, we completed the study on [outsourcing monitoring in the asset management sector](#). We found that although companies monitor their outsourcing, they regularly use principles in certain areas that lead to insufficient risk management. We published the research report containing findings and recommendations for the market in September. We recommended, among other things, that a written policy be drawn up clearly determining when outsourcing is involved, that an integral overview of outsourcing relationships be kept and that a clear procedure be drawn up in the event of incidents.

Supervisory Review & Evaluation Process

The Supervisory Review & Evaluation Process (SREP) is a periodic survey for investment firms. In the SREP surveys, we focused on controlled and ethical business operations. In 2023, we sent two SREP questionnaires to 240 investment firms. These included asset managers, managers of investment institutions with a MiFID top-up, as well as Proprietary Traders (HERs) and trading platforms. In 2024, we provided feedback by means of a [SREP Market View](#). The institutions can use this market picture in future requests.

Account supervision

In 2024, we again looked at the impact of the introduction of the Future Pensions Act (Wtp) on the business and revenue model of asset managers who offer fiduciary services to pension funds. The trend towards scaling up and consolidation resulted in several acquisitions involving the larger asset managers in 2024. We monitored three transactions, involving a total of more than €100 billion of underlying assets through acquisitions and mergers, with extra attention. In particular, we looked at the impact of these transactions and the transitions on business models and controlled business operations. The handling of these consolidations did not lead to further measures.

Increasing insight into the risk management system

We conducted an exploratory investigation on the theme of model risk. Model risk is the risk that wrong decisions are made because of incorrect and/or incorrectly used models. This exploratory study, phase 1 of which was carried out in 2024 in the form of a market-wide questionnaire, aimed to gain more insight into this aspect of the risk management system at parties active in the Dutch asset management market. We presented these AM parties with a questionnaire with 32 questions about various aspects of model risk management. The questions were organised around the themes of Governance, Model lifecycle, Risk management, and Training and ethics.

The answers to this questionnaire provided a picture of the current maturity level of model risk management within the AM sector. For example, there are differences between the type of licence holders with regard to risk awareness and the design of control measures around model risk.

Asset management and the pension transition

Research among several large asset managers into the introduction of the Future Pensions Act (Wtp)

The introduction of the new pension system has a significant impact on the business models of some of the large AM parties. Moreover, the implementation coincides with other significant changes in the business operations of asset managers, such as the implementation of DORA.

In 2024, discussions took place with twelve asset managers on the theme of Wtp. In general, it can be concluded that fiduciary managers are actively involved in preparations for the new system. The functional and technical standard for the exchange of data (Sivi) between pension funds, administrators and asset managers is essential in this respect. Pension funds are aware that they must also clearly demonstrate that they are 'in control' with regard to the asset management chain.

Moreover, pension funds are increasingly opting for customisation, with the use of mandates instead of generic fund solutions. This may also affect the distinction between asset management, advice and order execution. The capacity and flexibility of managers for specific entry times is limited. In the market, there is a dependence on a limited number of large institutions. There is a risk that this will lead to bottlenecks if the transition agendas are not synchronised and/or the planned transition pathways are delayed. While asset managers largely bear the generic costs of the transition, it is conceivable that the intensified cooperation in the IT and data chain between pension funds, the administrator and the asset manager will lead to additional work for the managers, which may translate into higher costs for the asset management services.

Digitalisation and AI models

Due to reprioritisation, the follow-up research into the exploration of AI/algorithmic applications by asset managers from 2023 has been postponed to 2025

Digital resilience

In preparation for the Digital Operational Resilience Act ([DORA](#)), we communicated with market participants to ensure that they were implementing the DORA requirements on time and correctly. For example, we held discussions with account supervisory parties about the status of the implementation, gave presentations at industry organisations and organised an in-depth afternoon for advisers. We also informed the market about the DORA requirements with the help of DORA updates. Based on this information, market participants can take further steps in preparing for these regulations.

Sustainability risks and sustainability information

Use of ESG data by asset managers

In 2024, we conducted an exploratory investigation into how asset managers manage the risks associated with the use of ESG data. To this end, we organised a roundtable meeting, where we tested previous observations with a larger group of AM parties and with two interest groups. We then collected the most important insights from both the earlier phases of the exploratory investigation and the roundtable meeting in a report. We published this [report in October](#) 2024. The publication helps asset managers set up their processes, systems and internal controls for ESG data risk management.

Promoting European supervision of SFDR compliance and the integration of sustainability risks and supervisory convergence

We participated in ESMA's Sustainability Common Supervisory Action (CSA). A report was published in May 2024 as a result of the SFDR request. It was stated that comprehensible information and an appropriate product range remain essential for sustainable investments.

In the context of the CSA, we requested information from institutions. We reviewed this information and informed ESMA of our findings. ESMA will provide feedback on the results of the entire CSA in 2025.

Implementation and preparation of European directives

Within the AFM, we are making preparations for the implementation of this future legislation, such as the European Long-Term Investment Fund (ELTIF) and the preparation for the revision of the AIFMD Directive, including the associated new provisions from the UCITS Directive. There is good cooperation with ESMA in order to achieve more convergence between the various supervisors.

Other activities and ongoing supervision

Intensifying cooperation in Europe

Within Europe, we collaborate at various levels (IMSC, IPISC, RSC and their subgroups) in an ESMA context. In addition, we contribute to and write supervisory briefings, Implementing Technical Standards (ITSs), Regulatory Technical Standards (RTSs) and Q&As. The aim is to achieve a level playing field and more effective supervision within Europe. Our contribution to SC and WG was substantial. In addition, we explained our supervision methods at ESMA seminars, after which we discussed them in more detail in consultations with NCAs.

The AFM co-chaired an IOSCO working group on sustainability with Singapore, with the ultimate goal of publishing the report in November. The AFM made a major contribution to the writing of the report, so the AFM's vision is well represented.

Influencing and enforcement

In 2024, it also became apparent that several investment firms and asset managers were unable to meet the legal requirements, including conducting ethical and controlled business operations. In most cases, this led to changes in the companies involved and in some cases to enforcement measures, including withdrawal or surrender of the licence.

In addition, in 2024 we paid particular attention to providers of open-end investment funds focused on retail investors that invest in illiquid assets such as real estate and private equity. Our attention was mainly focused on the legal requirements regarding liquidity management within the investment institutions.

Crowdfunding

We also supervise loan-based and equity-based crowdfunding service providers. Since 11 November 2023, twenty European licences have been granted to Dutch providers. Once licensed, these providers must comply with ongoing obligations under Regulation (EU) 2020/1503 (ECSPR). In 2024, we organised a roundtable meeting to exchange information on our supervision and to increase our visibility. We sent a questionnaire to all licensed crowdfunding service providers to gain more insight into how providers meet the ECSPR's obligations. The topics covered include outsourcing, IT, business continuity and information provision. In addition, we visited five selected parties for an in-depth discussion and continuously monitored compliance with the ECSPR requirements. In 2025, the supervision of the crowdfunding sector will be further developed.

Optimising the licence application process

In 2024, we started a project to optimise the licence application process with the aim of significantly reducing the application processing time. Within the project, we have developed a tool that allows us to process applications in a more risk-driven and data-driven way. The project included organising a session with advisers who often support applicants in the application process. We wanted to collect feedback to use in optimising the process. The aim is to start the renewed approach in the first part of 2025.

Reports

The population of reporting companies under AIFMD continues to grow, putting pressure on the data quality of the reports. We receive more data which all needs to be analysed. As a result, data quality is explicitly on the agenda of ESMA and the AFM. In this context, the Data Quality Engagement Framework was used to audit the data quality of AIFMD reports more frequently in 2024. This concerns all reports for the last period of the year and, for institutions where this applies, the second quarter or the first half of the year. By paying more attention to these reports, we expect their quality to increase.

Since 2024, the Crowdfunding Service Platforms (CSPs) with an ECSPR licence must also report to us on crowdfunding platform-funded projects. We then supply the information obtained in anonymised form to ESMA, which uses it to compile the aggregated annual statistics on the EU crowdfunding market.

Notifications

Investment firms, custodians and managers of investment funds (both UCITS and AIFs) are required by law to make certain notifications to us. In addition to applications for and revocations of licences or registrations, this includes material changes in business operations (outsourcing, remuneration policy, governance) and incident reports. For managers of alternative investment funds, fund notifications and prospectus amendments are added. In 2024, 1,294 reports were made. Of these, 541 were fund notifications (400 registrations of new

funds and 141 deregistrations) from licence and registration holders, compared to 585 in 2023 (including 525 registrations). The number of other reports increased slightly compared to 2023, from 753 to 766. In 2024, there were a relatively large number of prospectus changes related to restructurings, acquisitions and the SFDR-related changes. In addition, there were a large number of reports of outsourcing and pre-marketing reports. Reports are important for mapping out the behaviour of parties and the resulting risks in the sector. By handling these reports, we were able to make timely adjustments to changes in business operations at institutions, among other things.

Trends we see are consolidation and structural changes (because of changing laws and regulations), as a result of which we see a large number of registrations of new investment institutions and mergers & acquisitions, as well as registrations and deregistrations of day-to-day policymakers. For example, in 2024, a significant number of managers of real-estate and other funds notified the AFM of changes in their fund structure. This is the result of the entry into force of the Fiscal Investment Institutions (Adjustment) Act on 1 January 2025.

Study of the population of AIFM-light managers

An exploratory study is underway into the population of registered managers of investment funds (AIFM-light managers). In that context, we published the [AIFM-light Market View](#) in 2024. Among other things, this showed that both the number of managers registering and the assets under management increased significantly in the period between 2019 and 2023. We also note that a large part of the assets under management (44%) comes from retail investors. It was striking that the light population differs greatly from the population of managers with an AIFM licence in several respects. A comparison was also made with other Member States.

By the end of 2024, 314 funds and 107 managers had registered. In addition, 60 funds were deregistered and 20 managers opted out.

Licensing

In 2024, we completed 22 licence applications in the investment firms segment. Nine managers received an AIFMD licence (the same number as in 2023). Furthermore, one licence was granted to a UCITS institution (also as in 2023). In 2024, three crowdfunding service providers received a licence from the AFM. We have not rejected any licence applications.

The applications from investment firms are varied and they are still often companies that are part of an international group. The upward trend has not continued. The applications of fund managers largely consist of parties who were previously able to use the AIFMD registration regime, but who had to apply for a full licence due to the growth of their assets under management.

Publications in 2024

Reports

- Dutch pension funds can meet margin calls on derivatives, but depend on functioning money markets (January)
- AFM shares SREP results in first Market View (July)
- AFM makes recommendations for monitoring outsourcing in the asset management sector (September)
- ESG data risk management (October)
- Grote stijging in aantal AIFM-light-beheerders (October)
- Asset managers have adequate liquidity stress tests policies in place (December)

Consultations

- Input for subsequent ESMA IMSC consultations and ESMA Common Supervisory Actions

Others

- FSC: Nederlandse economie stabiliseert, maar gezonde overheidsfinanciën belangrijk voor weerbaarheid (February)
- FSC: 'Geo-economische fragmentatie vormt risico voor Nederlandse economie en financiële stabiliteit' (April)

- AFM highlights resilience of financial sector in rapidly changing environment (June)
- FSC: Nederlandse economie en financiële sector schokbestendig, maar geopolitieke spanningen vormen risico (July)
- FSC: Financiële stabiliteit in balans, maar zorgen over geopolitieke fragmentatie en cyberrisico's nemen toe (December)
- Contributions to various panels and seminars
- Input for various ESMA Guidelines including Guidelines on Fund Names

AFM-wide supervisory priority: financial stability

We have a supervisory role with regard to financial stability from a capital market and conduct perspective, thereby complementing DNB's stability supervision. We focus on risks that potentially affect financial stability in three areas that we supervise: capital markets, the asset management sector and risks that affect many clients of financial institutions. We are member of the Financial Stability Committee (FSC).

Annual financial stability report

We published our annual financial stability report in June 2024. In this report, we highlighted risks arising from the macroeconomic environment, geopolitical developments, further digitalisation, increasing market concentration and the impact of climate change on the housing market. Risks have not yet led to an uncertain economic outlook and fears of greater monetary tightening. However, underlying trends can pose a risk to financial stability.

Review of leverage in investment funds

Together with DNB, we regularly examine leverage in investment funds. This is important because leverage can contribute to financial stability risks by increasing parties' exposures. No limits were imposed during the reporting period. We contributed to the annual risk assessment of leverage that DNB carries out in the context of Article 25 AIFMD by means of fund monitoring.

We also consulted with DNB about possible liquidity risks that may arise from the use of leverage in liability-driven investment (LDI) funds. Finally, we addressed the main risks of the use of leverage by investment funds in our annual financial stability report.

Review of liquidity risk management at pension funds

In January 2024, we published a [study](#) by the AFM and DNB into liquidity risks of pension funds. This research showed that pension funds can meet margin calls in a stress scenario without massive sales of investments. This is important because when several large pension funds have to sell assets at the same time, prices in financial markets may come under pressure and fire sales may cause disruptions to the financial system. However, the continuing proper functioning of the money market remains a prerequisite.

Application of liquidity stress tests by asset managers

In 2024, we analysed the results of a joint survey with DNB on the [application of liquidity stress tests by asset managers](#). One of the conclusions is that asset managers apply the relevant ESMA guidelines on liquidity stress testing in undertakings for collective investment in transferable securities (UCITS) and alternative investment funds (AIFs) in different ways. Despite the difference in applications, both groups act in line with the guidelines. There are still a few areas where the ESMA guidelines have not yet been fully implemented by all managers. The AFM and DNB expect all managers to apply the ESMA guidelines and to implement improvements to their LST policy where necessary.

Increasing insights into the repo market

One of the main objectives in 2024 was to improve insight into the functioning of the repo market. With an up-to-date view of this market, risks can be identified in time, enabling an appropriate response. For example, the possible drying up of liquidity in the repo market at the end of the quarter and year can be monitored, providing insight into which parties would be exposed to increased liquidity risk. This is important, for example, in the context of liquidity management by pension funds.

5. Supervision of audit firms and reporting

The purpose of supervision of audit firms and reporting is to enable investors, lenders and consumers to rely on the image that the reporting gives of a company. That is why we supervise the reporting of listed companies, with a focus on a clear connection between financial and non-financial reporting. We also supervise audit firms (AOs) and the way in which they guarantee the high quality of the statutory audit.

In 2024, the audit sector and listed companies faced major challenges, for example in the field of transparent and accurate sustainability reporting. We expect companies to report coherently and faithfully on ESG factors and to adequately apply the Corporate Sustainability Reporting Directive (CSRD).

The importance of adequate detection, analysis and follow-up of fraud and going concern risks is increasing due to further digitalisation, sustainability and internationalisation. Audit firms must identify fraud and impending bankruptcy in a timely manner and have an important gatekeeper role.

The audit sector is consolidating, with an increasing market share of private equity parties in audit firms with a regular licence (AOs-RVs). In addition, the share of statutory audits has gradually shifted from audit firms with a PIE licence (AOs-PIEs) to AOs-RVs. Adequate client and engagement acceptance by audit firms is important in order to be able to assess whether the organisation is sufficiently able to serve a potential client.

Technology and data analysis by audit firms offer opportunities for more efficient business operations and better statutory audits, while at the same time presenting challenges in terms of controlled and sound business operations. Resilience to cybercrime and IT control remain important points of attention.

Finally, exam fraud that has come to light in recent years underlines the need for continuous attention to integrity and professional competence within the sector.

This is what we achieved in 2024:

- We helped companies to report better on their impact on people, the environment and society. We did this, for example, by providing a self-assessment format and by sharing ten CSRD navigation points with the market. We also contributed to international regulations in the field of sustainability.
- We conducted another inspection on the subject of fraud detection by auditors and concluded that audit procedures fall short in the event of fraud risks.
- We improved our data position regarding the audit firms and their statutory audits. This allowed us to strengthen our data on, for example, (the handling of) fraud and going concern risks.
- Through our participation in international partnerships, we gained insight into the use of technological innovations and AI in statutory audits.

Reporting on impact on people, the environment and society

Under the CSRD, companies must report on the impact of people, the environment and society (hereinafter: ESG factors) in a coherent and balanced manner, and show how these factors affect the business model. Audit firms must be well prepared to provide assurance in this regard, so that end users of reporting can access relevant and reliable information.

Net zero targets

At the beginning of 2024, we published our [investigation into net zero targets in the 2022 annual reporting](#). We concluded that large listed companies are on the right track in underpinning their net zero targets up to 2030, but also that they are still vague about the road to 2050. We explained the report in two webinars and various media. With this report, we shared a self-assessment format to help companies map out parts of their climate goals.

Reporting based on the CSRD

In the first half of 2024, we conducted a thematic review of companies' preparations for double materiality, the starting point of reporting based on the CSRD/ESRS. The report [10 waypoints for CSRD](#) provides guidance on the basis of examples and points for attention, with the aim of actively supporting the market to ensure good future application of the CSRD/ESRS. With the same goal, we organised several sessions with stakeholders, among other things.

After publishing the CSRD report [No time to lose](#) in 2023, we drew attention to the results in 2024. The aim was to ensure that the audit sector prepares in a timely manner to provide assurance on sustainability reporting. We made contact with the media and had discussions with audit firms and companies. We also included this topic in our ongoing supervisory activities. The publication [State of the auditing and reporting industry 2024](#) once again devoted attention to the arrival of the CSRD. This report also showed, based on data, that many small AOs also have clients within the scope of the CSRD.

In 2024, we contributed to the development and implementation of international standards for sustainability from the EC/EFRAG and the IFRS Foundation:

- *Guidelines on Enforcement of Sustainability Information (GLES)*
We contributed to the drafting of these guidelines for the implementation of sustainability reporting supervision. Among other things, we provided the chair of ESMA's working group in the field of sustainability reporting, the Sustainability Reporting Working Group (SRWG). After approval by the Issuer Standing Committee and the Board of Supervisors and after public consultation, the guidelines became final in July 2024. Our contribution showed, among other things, that 'double materiality' is now a central theme in the GLES.
- *ESRS Sustainability Standards for SMEs (SME Standard)*
These future (2026) guidelines for the reporting of sustainability information by small and medium-sized enterprises (voluntary) and issuers (mandatory) were put out for consultation through the Sustainability Reporting Working Group (SRWG). We shared our input with ESMA and the most important AFM input was included in ESMA's consultation response.
- *Sustainability cases under ESRS/CSRD and Taxonomy Art. 8 (SRWG)*
On a periodic basis, sustainability cases have been dealt with in a European context (SRWG) based on the CSRD/ESRS, Taxonomy Art. 8 and the NFRD. In doing so, we contributed to good application and supervisory convergence in the field of sustainability reporting. In addition, several workshops were held with the EC in the field of taxonomy for interpretation issues. There was also a similar workshop with EFRAG on the main interpretation and practical application issues in the field of ESRS/CSRD.
- *Rules for digital tagging of sustainability reporting*
Through ESMA's ESEF Task Force, we contributed to the creation of a draft RTS for digital marking of sustainability reporting, based on EFRAG's proposals for a digital taxonomy for the ESRS.

Strengthening the quality of statutory audits

In 2024, we continued to focus on three levels within audit firms that affect the quality of statutory audits: (i) governance and behaviour and culture within the audit firm; (ii) the quality control system; and (iii) the quality of the statutory audit itself. The aim was to ensure high-quality statutory audits.

The risks of private equity

In 2023, [we drew attention](#) to the risks of investment by private equity parties in audit firms for the sustainable safeguarding of the quality of their statutory audits. We indicated that, for the time being, we believe the risks of private equity outweigh possible opportunities. We discussed our expectations in terms of such collaborations with audit firms and private equity parties. We also drew public attention to the risks, so that our concerns were widely known within the sector. These discussions were followed by adjustments to the structure and agreements on the structure, such as better safeguarding the majority stake that auditors have in voting rights and in determining the day-to-day policy of the audit firm.

Sustainable quality improvement

We devoted attention to the process of continuous improvement in AOs-RVs. We conducted an exploratory study into the quality circle (a continuous plan-do-check-act cycle aimed at improvement) in fifteen large AOs-RVs. We engaged in dialogue with the sector, organised a webinar for AOs-RVs and conducted a self-assessment. This showed that AOs-RVs are working on continuously strengthening the quality circle, but that they struggle to gauge the concrete effects of quality measures. We take our review results into account in the ongoing supervision. In addition, this provided input for the multi-year dialogue with these parties, which will contribute to stimulating sustainable quality improvement within the sector.

Positive and negative incentives in the business model of AOs-RVs

In 2023, we examined positive and negative incentives in the business model of AOs-RVs. A follow-up question that arose from this was how the public interest has developed over time and whether the criteria for the statutory audit obligation are still sufficiently in line with it. In 2024, we explored the impact of increasing the size criteria for statutory audits in the sector. This research is input for a policy vision on this subject.

Amendments to the Audit Firms Supervision Act

In the amendments to the Audit Firms Supervision Act, measures were proposed to strengthen the governance of the largest AOs-RVs, such as the obligation to have an internal supervisory body with specific tasks and powers. The AFM will be given the task of determining the suitability of the day-to-day policymakers and the natural persons who are part of the internal supervisory body at these largest AOs-RVs. In preparation for this bill, we sent the nineteen largest AOs-RVs a self-assessment on governance and suitability assessments in 2024. This enabled them to assess themselves and understand where they stood and what still needed to be arranged. This gave us insight into where attention was needed and whether there was a need for more information. Individual interviews started at the end of 2024 to discuss further information and points of attention.

Engagement quality control review

In 2023, we looked at the quality safeguard engagement quality control review (OKB). We inspected the OKB at all six AOs-PIEs and at fifteen AOs-RVs. At the beginning of 2024, we published our inspection results, which showed that the OKB needs to be improved in order to function as a quality safeguard. We organised various meetings and webinars with audit firms, enabling them to start work on improving the OKB. We conducted an inspection of the Internal Quality Inspections (IKO) at one AO-PIE.

Detecting fraud and identifying impending bankruptcies

We believe it is important that audit firms take more responsibility for the role of statutory auditors and other employees when it comes to fraud detection and the timely identification of impending bankruptcies, with the aim of reducing social damage.

Fraud risks

We have been inspecting the theme of fraud risks for several years. In 2022, we shared our [hypothesis](#) that auditors are insufficiently fulfilling their responsibility with regard to identifying and following up on fraud and associated risks. Our 2023 inspection [of the quality of the fraud risks analysis](#) and the 2024 inspection of the quality of audit procedures for fraud risks confirmed this picture. Our call for more practical tools has been taken up by the Royal Netherlands Institute of Chartered Accountants (NBA), which published [Guideline 1153 Fraud Risk Analysis](#) (for consultation) in July 2024. In 2024, we inspected how AOs-PIEs and AOs-RVs follow up on identified fraud risks in the statutory audit. With insight into the quality of the audit procedures, we sought to obtain an objective picture and share good practice examples. Prior to the publication of the results, we held discussions with stakeholders such as the SRA and NBA. We published the [report](#) concluding that there were deficiencies in audit procedures relating to fraud risks in January 2025.

Exam fraud in the audit sector

Both nationally and internationally, there are now several cases of exam fraud within the audit sector. This harms the integrity of auditors.

Because we see no room for doubt about the integrity and professional competence of auditors, we explicitly requested all large audit firms with a PIE licence at the end of 2022 and the beginning of 2023 to investigate this subject within their organisation. These investigations are still ongoing. In December 2024, we shared our [expectations regarding exam fraud with AOs-RVs](#). It is up to the audit firms themselves to prevent exam fraud, and to detect and address any abuses. The AFM supervises this.

In April 2024, the US regulator of audit firms, the Public Company Accounting Oversight Board (PCAOB), [imposed a fine of \\$25 million](#) on KPMG Accountants Netherlands for its handling of exam fraud. Exam fraud was committed by hundreds of professionals, including partners and the head of audit. There was a culture in which exam fraud could arise and go unnoticed for a long time. This was evident from the investigations by the PCAOB and the AFM. Based on legislation and regulations, the AFM and the PCAOB have the opportunity to cooperate extensively in the supervision of audit firms. The AFM is tightening its supervision of KPMG Accountants Netherlands. In imposing the sanction, the regulator took into account that the firm would be subject to an intensive supervision programme by the AFM. This programme includes remediation, conducting a root cause analysis, establishing policies and procedures to prevent the inappropriate sharing of responses within the organisation and detecting and investigating further appropriate changes in company culture.

Better data collection and data analytics to improve prioritisation of supervisory activities

To be able to deploy our scarce supervisory capacity on the greatest risks, in 2024 we worked to increase our data position with regard to the audit firms under our supervision on the one hand and their statutory audits on the other. This contributed, for example, to strengthening our data on the handling of fraud and continuity risks. We asked audit firms to provide data from statutory audits. We received data from approximately 12,300 statutory PIE inspections and data from approximately 12,100 PIE inspections. This data can already be used for supervision.

Quality of data provided has increased

We have seen an improvement in the quality of the data supplied in the past period, for example in the case of AOs-RVs. The number of completed questionnaires without identified deviations in data quality rose from 59% in the second quarter of 2023 to 96% in the third quarter of 2024 (source: [State of the auditing and reporting industry 2024](#)).

In 2024, we adapted the questionnaires for AOs-PIEs to gain better insights. The questionnaires for AOs-RVs have also been further developed. We returned the supplied data to the sector in various ways. With the AOs-RVs, we shared overviews of the data provided during roundtable sessions. With the AOs-PIEs, we held individual sessions. The purpose of this was to give data back and give AOs insight into their own performance compared to that of the rest of the sector.

In November, we published the report entitled State of the Auditing and Reporting Industry. In this report, we return insights gained from (data) analyses to the sector each year. The report was more data-driven in 2024 than in previous years. The analyses based on the provided data also led to sharper prioritisation of our supervisory activities.

The impact of technological developments and digitalisation

Digitalisation affects the audit sector along three axes: the audited company, the statutory audit and the audit firms themselves. The leap that AI models have made in recent times is giving digitalisation a further boost with new automation possibilities and the emergence of new revenue models. The associated risks must be reflected in the reporting. For auditors, this means that they must adjust the performance of the statutory audit, the required expertise and their own business operations in a timely manner.

Integration of technological innovations into the statutory audit

The use of technological tools in the audit can improve the quality and relevance of the statutory audit and thus provide better protection for investors and other users of the financial statements. The integration of emerging technology into the statutory audit is still at an early stage and provides an opportunity for auditors to put in place appropriate measures and processes to ensure that risks are appropriately addressed from the outset. This also includes building processes by audit firms to monitor technology deployment and evaluate the impact of technology on the quality of the statutory audit. As emerging technologies such as AI are integrated into the statutory audit, it is also important to build in appropriate measures to ensure that the applications and algorithms are fully understood by the auditor and that the rollout is controlled. The international networks of the large audit firms have a major role in the development and rollout of technological innovations and AI in those audit firms.

Through our participation in international working groups, such as the IFIAR Technology Task Force and the CEAOB (colleges), we have gained further insight into the use of technological innovations and AI in statutory audits through data requests and discussions with the international networks of the major audit firms ([‘Use of technology in audits – observations, risks and further evolution’](#), IFIAR, November 2023). In 2024, we saw only limited use of AI in the statutory audits of listed companies. [Recent research by the PCAOB](#) shows, for example, that American audit firms use generative AI applications for administrative tasks and searching for information. We will continue to monitor the use of technological tools, for example by means of data requests to audit firms and discussions in international working groups about the application of these tools.

Cyber resilience

In 2024, we conducted a review of cyber resilience at AOs-PIEs, among others, to gain more insight into controlled and sound business operations. We will complete this review at three audit firms in 2025, after which three other AOs-PIEs will be reviewed. This will be followed by publication of the results of the entire study.

Ongoing and other activities in the supervision of audit firms and reporting

In 2024, we spent a large part of our time and capacity on ongoing tasks in the supervision of audit firms and reporting:

- AOs-PIEs account supervision.
- Segment supervision of AOs-RVs and development and maintenance of supervisory relationship with the regular licence holders.
- Carrying out 25 suitability assessments of directors at the AOs-PIEs.
- Performing 162 trustworthiness reviews of co-policymakers.
- Following up signals and incident reports, incident investigations and signal investigations at AOs-PIEs and AOs-RVs.
- Desktop reviews of compliance with reporting requirements by listed companies.

In 2024, we started reviews of the annual reporting of listed companies earlier where possible and made efforts to shorten the lead time.

In 2024, we issued two notifications and three informal notifications in relation to the 2023 annual reporting and one notification relating to the 2022 annual reporting of listed companies.

In 2024, we conducted an exploratory thematic review of the application and audit of digital tagging in accordance with ESEF (European Single Electronic Format) in the 2023 annual reporting for both the companies and their PIE auditors. We shared the most important findings with the market in a webinar. In addition, we shared the most important focus areas for 2024 and beyond. Finally, we informed the inspected institutions and their PIE auditors about the findings of relevance to them, so that reporting can improve in the future.

Licensing and licence withdrawals, third country registrations and monitoring of the number of statutory audits conducted by audit firms from outside the Netherlands

Because two audit firms from other Member States have recently registered with the AFM (since 2023 and since 2024), they are allowed to perform statutory audits in the Netherlands. We published several guidelines for audit firms and statutory auditors that perform work for an audit engagement by an audit firm from another Member State. The purpose of this is to clarify the requirements under Dutch law and our expectations for audit firms from other Member States applying for registration in the Netherlands.

In addition, we prepared the [registration for sustainability assurance](#) in 2024. We informed the AOs-PIEs about this on our website and by letter.

The number of new licences was high in 2024, namely ten (compared to two in 2023). The number of withdrawn licences was small, namely twelve (compared to seventeen in 2023). We explained the rising number of new licences partly by the high demand in the market for statutory audits.

International policy advocacy on ESG reporting and assurance and Standard 240 Fraud and going concern; cooperation with the PCAOB on examination fraud, among other things.

Through the Committee of European Audit Oversight Bodies (CEAOB) and the International Forum of Independent Audit Regulators (IFIAR), we provided input to various consultations of the international standard setters:

- IAASB ISA 240 (revised) Auditor's responsibilities relating to Fraud in an Audit of Financial Statements
- IAASB's Proposed Narrow Scope Amendments to ISQMs, ISAs and ISRE 2400 (revised)
- IESBA's Using the work of External Experts
- IESBA's Proposed International Ethics Standards for Sustainability Assurance (including Independence Standards)

The AFM contributed to the Guidelines on limited assurance on sustainability reporting published by the CEOAB.

Through CEOAB and IFIAR, we have periodic discussions with the European and global leadership of the networks of the largest audit firms to collect information for our supervision and prioritisation of supervision themes.

Table 2. Supervision of audit firms and reporting in figures

Continuous supervision	2024	2023	2022
Regular licences granted	10	2	4
Regular licences and registrations withdrawn	12	17	22
Registrations granted to audit firms from other EU Member States	1	1	0
Registrations granted to third-country audit firms	0	1	0
Signals concerning audit firms	564	319	234
Warnings to audit firms	2	0	3
Administrative fines imposed on audit firms	0	0	1
Supervisory letters to audit firms	2	n.a.	n.a.
Notifications to companies on reporting	3	2	1
Disciplinary complaints filed	0	2	1
Rulings of the Disciplinary Court for Auditors	2	0	3
Rulings of the Trade and Industry Appeals Tribunal (CBb)	0	0	1

The number of signals we received from audit firms increased. This increase was almost entirely attributable to reports of early terminations of the audit engagement because of the increase in the size criteria (lapsed statutory audit obligation).

Publications in 2024

Reports

- Major listed companies on right track with transparency about 2030 climate targets in their annual reports, the road to 2050 remains a blur (February)
- Disclosure of APMs often lacks necessary level of transparency (February)
- Beheersing integriteitsrisico's door accountantsorganisaties: zet verbeterd beleid om in praktijk (March)
- Audit firms must improve preventive quality safeguard when performing audits of financial statements (March)
- Ten waypoints for CSRD – Double Materiality (July)
- CSRD oversight needs continued attention (October)
- Number of assurance engagements related to sustainability reporting set to increase sharply as of 2025; this demands effective preparation (November)
- CSRD enhances sustainability information beyond annual reporting (December)

Consultations

- NBA publiceert consultatiereacties op discussienotitie 'Geheimhouding Ontrafeld' (January)
- Consultatie Handreiking 1153 Frauderisicoanalyse (August)
- Input provided for various consultations of the international standard setters:
 - IAASB ISA 240 (revised) The auditor's responsibilities relating to Fraud in an Audit of Financial Statements
 - IAASBs Proposed Narrow Scope Amendments to ISQMs ISAs and ISRE 2400 (revised)
 - IESBA's Using the work of External Experts
 - IESBA's Proposed International Ethics Standards for Sustainability Assurance (including Independence Standards)

Sector letters

- Verwachtingen AFM rondom examenfraude bij accountantsorganisaties met reguliere vergunning (December)

Others

- AFM wins court case on all aspects against FSV Auditors, auditor barred from profession (January)
- PCAOB imposes administrative fine of \$ 25 mln on KPMG Accountants Nederland for examination fraud (and its approach to it) (April)
- AFM volledig in gelijk gesteld in tuchtzaak over controle jaarrekening accountantsorganisatie Accon (september)
- Key focus areas for 2024 reporting (October)
- AFM geeft belangrijke aandachtspunten voor toepassing ESEF in financiële verslaggeving (December)
- Webpage with guidance for audit firms from other EU Member States

6. Tackling criminal behaviour, measures and personal assessments

Tackling criminal behaviour

Combating criminal behaviour in the financial sector is one of the AFM-wide topics.

Prevention of money laundering and terrorist financing and compliance with sanctions regulations

In 2024, the AFM actively contributed to the modernisation of the Dutch sanctions system, among which the Dutch Sanctions Act 1977 (Sw). In June 2024, a consultation on the first tranche of the new International Restrictive Measures Act (Wis) took place. This tranche introduces, among other things, publication options for supervisors such as the AFM in enforcement of sanctions regulations and a basis for risk-based supervision. In 2025, the gatekeeper role will be further elaborated in a second tranche, in line with the implementation of the EU-AML package.

This EU-AML package requires international, European cooperation, including direct EU supervision of financial institutions by one central, European Anti-Money Laundering Authority (AMLA). It also strengthens indirect EU supervision through thematic reviews, methodology and data sharing. Together with the Ministry of Finance and other regulators, we worked on the national implementation of the EU-AML package. We also participated in the *Standing Committee on Anti-Money Laundering and Countering Terrorist Financing* (AMLSC) and in European AML/CFT supervisory colleges.

The periodic questionnaire on compliance with the Anti-Money Laundering and Anti-Terrorist Financing Act (Wwft) and Sw plays an important role in data-driven, risk-based supervision. By means of this questionnaire, we update our insight into the risks that institutions

incur and the management of these risks. In 2024, we surveyed investment firms and financial service providers acting as life insurance intermediaries. We also updated and optimised the Wwft/Sw risk models. As a result, we can now focus better on specific risks.

In June 2024, the [Wwft/Sw Guidelines](#) were amended. This includes an important finding from our investigation into ultimate beneficial owners (UBOs), namely that institutions can pay more attention to the substantiation and recording of the identification and verification of the UBO or pseudo-UBO. Furthermore, the Wwft/Sw Guidelines were supplemented in parts of the Sw, the risk-based approach to the prevention of money laundering and terrorist financing was explained in more detail and we asked industry associations for input for this update.

In [the Sector in Beeld \(report\)](#), we noted in response to the questionnaire that risk assessment and Wwft policies of financial service providers acting as life insurance intermediaries required improvement. Too many of them – and relatively more than in 2021 – indicated that they did not have a risk assessment and/or a related Wwft policy.

By the end of 2024, 49 Wwft/Sw investigations had been completed and 48 Wwft/Sw investigations had been launched, six of them being *on-site* investigations. Three of these investigations focused on compliance with the requirements for politically exposed persons (PEPs). We took action in the event of violations. For example, in 2024 we sent six warning letters, six supervisory letters and two feedback letters. We held ten supervisory interviews. We published one instruction.

In preparation for CASP supervision, we drew up an annex to the Wwft/Sw Guidelines for CASPs in 2024, which will be published in 2025. In this annex, we also devoted attention to the obligations under the *Transfer of Funds Regulation* (TFR), an important spearhead in the fight against financial economic crime, which promotes the traceability of transfers of crypto-assets. We also developed an Wwft/Sw questionnaire for CASPs.

Specific risks of criminal behaviour identified and addressed

We have improved our internal process in our approach to organisations that try to mislead and defraud potential investors through aggressive telephone or online sales, so-called boiler rooms. As a result, the processing time for signals concerning boiler rooms has been more than halved. We also started writing to web hosts with requests to take boiler room websites offline, and in just over half of the requests in 2024 this was successful. In addition, we are committed to improving cooperation with banks with the aim of combating boiler room fraud more effectively.

With a broad campaign, we informed consumers about the risks of boiler rooms. For example, we launched the site checkjeaanbieder.nl on which consumers can search whether a party is known to us as malicious or has an AFM licence. The campaign ran from 22 May to 5 June and aimed to raise awareness of investment, dating and regulator fraud. By means of videos, banners and text ads, we enabled consumers to recognise practices so that they can protect themselves from financial damage. The campaign has been viewed eighteen million times through advertisements on Meta, YouTube and the Google Display Network.

The campaign on social media, print and online media attracted a lot of attention. Various national news media and online trade media picked up and shared the news about the campaign. The campaign and media attention led to an increase in the number of visits to checkjeaanbieder.nl and in the number of searches on the AFM website, especially at the start of the campaign.

Mortgage fraud

In 2024, in conversation with our chain partners the police, the Tax and Customs Administration, the Financial Supervision Bureau (BFT), banks and a trade association for financial service providers, we focused on the phenomenon of mortgage fraud and the role that financial service providers play in it. Explicit attention was paid to the *modus operandi* and the parties involved. Now that we have mapped out how this fraud works, who is involved and what we as the AFM can do about it, whether or not in cooperation with other partners, tackling the financial service providers involved in this fraud in 2025 will be central.

Other activities

In 2024, we launched a thematic investigation into copy trading providers, in which retail investors can copy transactions of other investors, possibly automatically. Furthermore, in 2024 we published three fines that we imposed on influencers who promoted an illicit investment firm.

Through our participation in the Enforcement Working Group (EWG) in the context of ESMA and by actively bringing our Position Paper on Informal Enforcement to the attention of supervisors of the other EU Member States, attention is now also being paid to the effect that can be achieved with informal measures.

Also, following discussions in both the EWG and the Senior Supervisors Forum Enforcement meetings, we managed to qualify ESMA's original text when publishing the Annual Consolidated Sanctions Report, partly by emphasising that the effectiveness of supervision cannot be measured solely on the basis of the number or amount of sanctions imposed.

Together with partners, we exchanged information within the Financial Expertise Centre (FEC) in 2024. We shared sixteen signals and eleven information transfers via the FEC. We were also the project leader of an FEC project aimed at providers of crypto-assets and crypto-asset services. With this project, the FEC partners aim to share knowledge about providers of crypto-assets and services and identify the associated risks.

In 2024, we prepared to fight financial crime and illegality within the crypto sector from 2025 onwards. This included drawing up an enforcement strategy so that we can enforce effectively and efficiently from 2025 onwards.

Ongoing supervisory activities: risk analysis, signals and investigations

Every six months, we carry out a risk analysis to prioritise the approach to the risks of criminal behaviour. The thematic [investigations into AIFM-light managers](#) and copy trading are among the results of this risk analysis.

In addition, we received more than 600 signals during the year about possible criminal behaviour in the investment market. Half of the signals were about the aforementioned boiler room fraud. In addition, we conducted 50 investigations into possible criminal behaviour. This led to various formal and informal measures, including three criminal charges and an order for incremental penalty payments.

Publications in 2024:

- AIFM-light market picture: [Large increase in number of AIFM-light managers](#)
- Publication update of the Wwft & Sw Guidelines: [AFM update of Wwft/Sw Guidelines](#)
- Sector in Beeld (feedback on MMAB and Wwft questionnaire 2024): [Future-proof FD sector requires responsible growth](#)
- Campaign for [Check your provider](#)

Measures

The topics on which we carried out formal enforcement in 2024 cover a large part of the supervisory spectrum. We imposed fines for excessive lending, non-compliance with reporting obligations and market manipulation. The number of fines imposed was higher than in previous years. This was partly due to the completion of investigations into the role of influencers in the illegal services provided by the asset manager Grinta. The total fines in 2024 amounted to more than €13.7 million, which is significantly below the total for 2023, when one party was fined €11.4 million.

In cases where there is an ongoing violation, we may use an instruction or order to end this violation. This is preceded by an intention. In about half of cases, the company in question took adequate measures after the intention was sent. In 2024, we found that violations persisted at a number of licence holders, despite several interventions. These companies proved unable to guarantee controlled and ethical business operations, so we initiated the process of revoking the licence. Two companies then surrendered their licences themselves, and we decided to revoke the licences of three other companies.

Finally, we mention a development in the field of informal enforcement. In 2024, we added the supervisory letter and the supervisory interview as instruments. We use these for minor violations as replacements for the letter or interview on compliance with standards. In 2024, we sent 97 supervisory letters in response to identified shortcomings in the area of sustainability information (SFDR). This instrument has also been frequently used in ongoing supervision to encourage companies to comply better with regulations. For example, further investigation into signals received led to a supervisory letter in more than 40 cases and, as a result of continuous supervision of the provision of information and various regular supervisory investigations in the field of pensions, we sent another 60 supervisory letters in which we drew companies' attention to aspects requiring improvement.

The AFM effect

Introduction of new crypto legislation



How the AFM, by contributing to the formation of new policy, ensured that critical control of crypto service providers takes place, that there is a more level playing field for providers from different countries and that consumers are better protected.



What was the problem?

The crypto sector was largely unregulated. This led to very large risks, even for those unable to bear them. The introduction of MICAR is a step in the right direction. This European legislative package entered fully into force in 2024. The AFM now supervises Dutch crypto-asset service providers and advertisements and white papers for various crypto-assets.



What did the AFM do?

This is a new area of supervision. Not only for the AFM, but for all European supervisors. The crypto sector is not yet used to supervision and the AFM wants to bring the crypto sector to a higher level of maturity. CASPs must therefore apply for a licence in a timely manner, which means they must have their business operations in order and be transparent about their products and services.

The AFM applies strict supervision requirements at the gate, and at the same time an open and inquisitive attitude. This ensures that market participants adapt their business operations to the quality requirements of the AFM where necessary, or do not receive a licence and are therefore not allowed to operate in the market for crypto services. In 2024, the AFM became a frontrunner in Europe on this subject. We actively contribute to European guidance and convergence and are the first supervisor to process licence applications. To this end, the AFM ensured that its processes and knowledge level were in order internally.

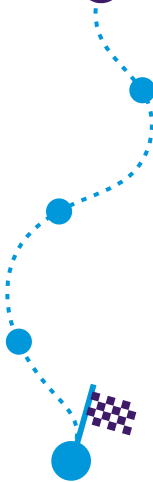


What did the market do next?

Support among CASPs for the quality requirements has increased, partly as a result of the combination of clear requirements and an open attitude. We see various market participants making improvements to their business operations in order to qualify for a licence.

A helpful attitude: our website provides the sector with detailed information on the licensing process.

CASP Licensing procedure Roadmap



Read further on next page

Introduction of new crypto legislation *(continued)*



What is the impact of this?

The market sees the AFM as a reliable supervisory partner with a good level of knowledge. The input that the AFM provided on ESMA regulations ensures a more level playing field: the European supervisors are thus moving more towards unity in the application of the standards. Compliance with MiCAR and thus the maturity of the sector will continue to develop with the advent of supervision.

This is especially good news for consumers. Critical scrutiny is carried out on licensed crypto service providers. Consumers can look up which parties have a licence and which do not, in order to avoid doing business with the latter. But we would like to point out that trading in cryptos remains very risky, even with AFM supervision. Acquaint yourself thoroughly with the characteristics of a product, such as the costs and risks. And only trade with money you can afford to lose.

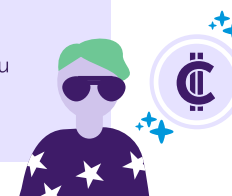


Table 3. Overview of supervisory measures

Overview of measures	2024	2023	2022
Formal supervisory measures			
Administrative fines	15	12	11
Orders for incremental penalty payments	3	3	4
<i>Intention to impose an order for incremental penalty payments*</i>	6	9	-
Reports to Public Prosecution Service	3	5	2
Licence withdrawals	3	0	1
<i>Intention to revoke licence*</i>	5	2	-
Instructions**	1	1	3
<i>Intention to issue an instruction*</i>	7	6	-
Public statement	0	1	0
Public warning***	0	1	1
Notification without recommendation (Financial Reporting (supervision) Act)	3	1	1
Rulings of the Disciplinary Court for Auditors	2	0	3
Total number of formal measures	30	24	26

Overview of measures	2024	2023	2022
Informal enforcement			
Warning letters on compliance with standards	75	150	119
Instructive letters/interviews on compliance with standards	n.a.	79	74
Supervisory letters/interviews	276	n.a.	n.a.
Public warnings boiler rooms	76	53	24
Total number of informal measures	427	282	217

Overview of measures	2024*	2023	2022
Total number of formal measures	30	24	26
Total number of informal measures	427	282	217
Total number of formal and informal measures	457	306	243

*An *intention* to take a formal supervisory measure is not yet a formal supervisory measure. Therefore, these intentions do not count towards the total number of formal measures.

**In both 2024 and 2023, the AFM issued one instruction to halt trading in a security. In 2023, this measure was not included in the annual report.

***From this annual report onwards, we distinguish between the formal public warning and the boiler room warnings, which are now under separate informal enforcement. This has also been corrected in the table for 2023 and 2024 compared to previous annual reports.

People assessments

Persons who determine or co-determine the policy of a company or supervise this policy must be reliable and/or suitable for the performance of their duties. If these persons take up employment at a company, the AFM and/or De Nederlandsche Bank (DNB) will assess their propriety and/or suitability. Of the 1,500 to 2,500 initial assessments that we conduct annually, about 95% receive a positive opinion.

In 2024, we assessed 2,239 people, including advisers, intermediaries and exemption holders for repayable funds. This number concerned both the new initial tests and the persons who had already been tested as well as retests. A reassessment takes place if we see facts and circumstances that constitute reasonable grounds to make a new assessment of the suitability and/or propriety of the person. The increase in the total compared to 2023 is due to the fact that there were more licence applications in 2023, which also resulted in more person assessments.

The table in this section shows the total number of AFM reviews, broken down by category. The so-called 'double-gate assessments' are those conducted by both the AFM and DNB.

Table 4. Overview of assessments

Number of tests per category*	2024	2023	2022
Advisers/intermediaries/credit providers	1,429	1,307	1,229
Investment firms/collective investment companies	599	441	544
Investments and stock exchange	13	8	11
Audit firms	187	168	199
Double assessments	7	5	8
Reassessments	4	1	7
Total number of assessments	2,239	1,930	1,998

*The above numbers do not include assessments for the CASPs.

Publications in 2024

Guidance

- AFM update Wwft/Sw-Leidraad (June)

Others

- Meldplicht beleggingsondernemingen en beheerders van beleggingsinstellingen vanwege sancties Rusland (April)
- Afronding pilot betrokkenheid externen bij personentoetsingen (April)

7. Stakeholder dialogue

In the chapters above, we described for each AFM supervisory area at what times and in what ways we entered into discussions with external stakeholders. In addition, we also stay in touch with the outside world in other ways.

Parliament and government

A well-functioning legal framework is essential for supervisors. That is why we engage actively with national and European legislators, and actively share our knowledge and expertise. At national level, where necessary and desirable, we work closely with the Ministries of Finance and Social Affairs and Employment (SZW).

In the [2024 Legislative Letter](#), we drew attention to the changes we would like to make to Dutch legislation in our role as a financial supervisor. In March, a combined DNB/AFM working visit was made by the MPs who are part of the Parliamentary Standing Committee on Finance. In addition, we participated in technical briefings and roundtable discussions in the Lower House. In 2024, representatives of the AFM participated in a public discussion on the [Digital Supervisors Partnership](#), the [accountancy roundtable discussion](#), the financial stability roundtable discussion with DNB and CPB and a [roundtable discussion on 'misleading influencers'](#).

Advisory panel

In 2024, there were several meetings with the Advisory Panel, including two panel meetings. During the regular meeting in April, we discussed the 2023 annual report and the developments surrounding digitalisation. The draft agenda for 2025 was presented in October. The 2025 budget was also discussed in this consultation. The reports of these consultations are also published [on our website](#).

In special sub-sessions on the cost framework, we spoke with many industry associations about the structure and content of the cost framework and the resources required for the next four years. We discussed, among other things, the impact of increasing European and national legislation and supervisory tasks, being the most important development for the cost framework.

In addition to the meetings with industry associations within the Advisory Panel, we also maintain one-on-one contacts with organisations such as the Pension Federation, the Dutch Association of Insurers, Adfiz, the Dutch Banking Association, the Dutch Fund and Asset Management Association and the Royal Netherlands Institute of Chartered Accountants.

Internationally influential

We are also committed to a well-functioning financial sector at the international level. A lot of attention was paid to our strategic priorities, such as sustainability and digitalisation. In addition, we worked hard for a European Capital Markets Union.

The AFM is a member of the Board of Supervisors and the Management Board of the European Securities and Markets Authority (ESMA) and Chair of the Senior Supervisory Forum (SSF). Within ESMA, for example, we focus on topics such as aligning European supervision (supervisory convergence) and risk-based and data-driven supervision. For example, we shared our expertise in the field of consumer research and we helped negotiate the European Commission's Retail Investment Strategy in close cooperation with the Ministry of Finance. In Brussels, we discussed the Retail Investment Strategy and initiatives to boost the Capital Markets Union. Together with DNB, we wrote a position paper on this.

We are part of the board of IOSCO (International Organization of Securities Commissions), a global cooperative organisation of securities market regulators. This position offers, among other things, the opportunity to strengthen bilateral contact with key regulators outside the EU and to exert more effective influence on global policy discussions within IOSCO, such as on sustainability and fintech topics.

We participate in the EBA (European Banking Authority), EIOPA (European Insurance and Occupational Pensions Authority), IFIAR (International Forum of Independent Audit Regulators) and IAIS (International Association of Insurance Supervisors). One of our actions (through EIOPA) was contributing to the further implementation of conduct supervision by participating in the working group dealing with 'Conduct Supervision Principles Practices and Baseline'.

Together with DNB and the Ministry of Finance, we published [a position paper](#) in response to the EBA's call for advice (CfA) on the functioning of the Investment Firm Regulation and the Investment Firm Directive (IFR/D). We indicated that IFR/D requirements, including capital requirements and governance requirements, should be appropriately tailored to the own-account activities of traders. In this way, they can continue to carry out their activities responsibly from the EU. In this report, we also advocate for a level playing field between proprietary traders headquartered in the EU and those headquartered in a third country. Based on the consultation, the EBA will issue an opinion to the European Commission on the possible revision of the IFR/D.

In the field of sustainability, we contributed to the *final report on Greenwashing* and co-authored the EIOPA *Opinion on sustainability claims and greenwashing* and the ESMA *Opinion on the Sustainable Finance Regulatory Framework*. Furthermore, we contributed to the publication of the shared Joint Committee Opinion on the SFDR of the European Supervisory Authorities (ESAs), for the upcoming revision of this legislation. At the international level, the AFM chaired the IOSCO Transition Plan Work Stream (TPWS), in which we co-wrote a report on legislation on climate transition plans in various jurisdictions.

In the field of digitalisation, we contributed to the creation of several important legislative processes. These included new European laws and regulations in which the legislation surrounding MiCAR and DORA were further elaborated. The European AI Regulation was also created. This will provide more opportunities to manage the impact of AI on financial services for citizens and businesses.

As we wish to learn from our international colleagues, directors made working visits to Poland and the United States in 2024 to discuss developments in the financial sector and its supervision in these countries.

The AFM effect

Post-payment on the political agenda



How the AFM drew attention to the risks of the phenomenon of post-payment with the publication of a market survey and a behavioural science experiment. This was then included in the coalition agreement.



What was the problem?

In November 2022, the AFM published the exploratory investigation into the market for Buy Now, Pay Later, in which we concluded that this form of payment poses a risk to vulnerable consumers. The AFM called on providers to be clear about possible costs. In the April 2024 market update, the AFM noted that in 2023 almost 600,000 iDEAL transactions were conducted through accounts in the name of a minor that could be linked to BNPL providers. We were concerned about this.



What did the AFM do about this?

The AFM entered into discussions with the sector about improvements. Behavioural scientists from the AFM, in collaboration with Riverty, also investigated ways to protect clients from unnecessary costs. Sending an SMS reminder turned out to be effective: the proportion of customers who paid late and were charged decreased by one in five.



What did the market do next?

Following our exploratory investigation in 2022, multiple BNPL providers improved the accessibility and comprehensibility of their information for customers, for example by rewriting the general terms and conditions in simpler, more customer-friendly language. The providers also drew up a code of conduct in 2023. For example, it was agreed how they would prevent the accumulation of debts. Following the publication of the above-mentioned AFM market update, providers tightened this code of conduct. The Netherlands is the first country in Europe where self-regulation for BNPL is in force. As a result of the joint investigation with the AFM, Riverty is using SMS reminders more widely. It has also set up a test-and-learn approach to work more effectively (see the research report 'Helping customers to pay their BNPL bill on time').



What is the impact of this?

The AFM market update on this subject immediately led to parliamentary questions about age verification in BNPL. The elaboration of the Outline Agreement (government programme 2024) of the Schoof cabinet includes the introduction of an age verification obligation for Buy Now, Pay Later. In November 2026, the second Consumer Credit Directive (CCD2) will come into force. From that moment on, BNPL will formally fall under the supervision of the AFM.



We successfully raised awareness of our investigation, including by leveraging social media to reach a broad audience. Print and online news media widely covered this topic.

Advisory committees (accountants/capital market)

The Financial Reporting & Accountancy Committee (FV&A) consists of external experts in the field of reporting and accountancy. The Committee contributes to the AFM's broader assessment of the supervision of reporting and accountancy by advising and acting as a discussion partner. In 2024, the Committee was expanded with the addition of a new member. Three members were reappointed for a term of three years. In 2024, the members spoke with the AFM about:

- Double materiality
- The engagement-oriented quality assessment (OKB)
- The 'vision 2050' project
- The Market Image 2025
- The extent to which audit committees are prepared for the implementation of the CSRD
- The work that auditors perform on fraud risks that they have identified
- Strategy for the supervision of the activities of auditors in the context of the CSRD.

In addition, the members of the Committee provided valuable input on our draft reports.

In 2024, there were three meetings of the AFM's Capital Market Committee. This Committee advises the AFM on case histories, legislative aspects and interpretations of the AFM's tasks and powers in the areas of market abuse, emissions, financial infrastructure and other topics related to the financial markets, including data-driven supervision and reporting.

Digital Regulators Cooperation Platform (SDT)

The Digital Regulators Cooperation Platform (SDT) was established to strengthen the supervision of digital and online activities.

Cooperation within the SDT also contributes to the alignment of cross-sectoral legislation between regulators, examples being the ['Artificial Intelligence Regulation'](#) and the ['Digital Services Regulation'](#).

In 2024, SDT deployed a wide range of activities to promote responsible digitalisation. For example, several publications were released that provide important principles for the digital domain, including guidelines for online advertising and marketing aimed at children, effective online transparency and the importance of effective digital supervision. In addition, a literature study on sponsor mentions by influencers was published.

The SDT also worked on a pilot for joint discussions and a constructive dialogue took place with the permanent House of Representatives Committee on Digital Affairs. A knowledge session on online hate was also organised in collaboration with the Dutch Safety Board (OVV).

Consumer Monitor

In 2024, we also conducted a survey among consumers on financial matters to take their voice into account in our supervision.

For example, in a survey of investing consumers, a third indicated that they invested sustainably. The majority said they looked at the name of the investment to determine whether it matched their sustainability preferences. Of the investors who invest with advice or through asset management, 40% indicated that they would like their sustainability preferences to be considered. Only 25% of those surveyed were asked about this, whereas it is mandatory for asset managers and investment advisers to ask these questions.

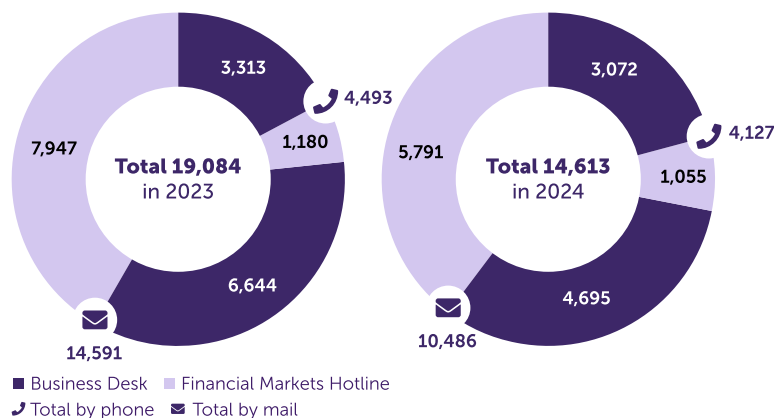
Media

A lot of media attention is devoted to the activities of the AFM, and not only for mediagenic topics such as enforcement measures and fines imposed. Our research and findings also attract broad interest from various types of media. Maintaining a good and professional relationship with journalists is therefore important.

Accessibility and a good interpretation of developments in the financial markets, such as AI, finfluencers and cryptocurrencies, were priorities in 2024. We were regularly able to have content experts and board members appear in the media on these subjects.

Last year, there was mainly publicity about debt problems, for example due to the Buy Now, Pay Later phenomenon. In addition, exam fraud among auditors and the first fines for finfluencers received a lot of attention. Journalists also asked us about the costs of our supervision, especially in view of the new crypto legislation. In total, the AFM was mentioned in more than 3,000 online and offline articles.

Figure 3. Contacts with consumers and businesses



8. The AFM as a professional organisation

Of the developments mentioned in Chapter 1 of this annual report, the trend towards digitalisation has a particular impact on the way in which the AFM should be organised to be able to respond or continue to respond flexibly to developments in the outside world. In view of the growth we have experienced and the expected growth due to new tasks, it was opportune to examine these areas. We started this in 2024 in the Supervision with the Future programme. Good business operations remain crucial in this regard; we need a solid foundation on which we can grow and remain successful. Our employees and IT play an essential role in this.

Attractive employer

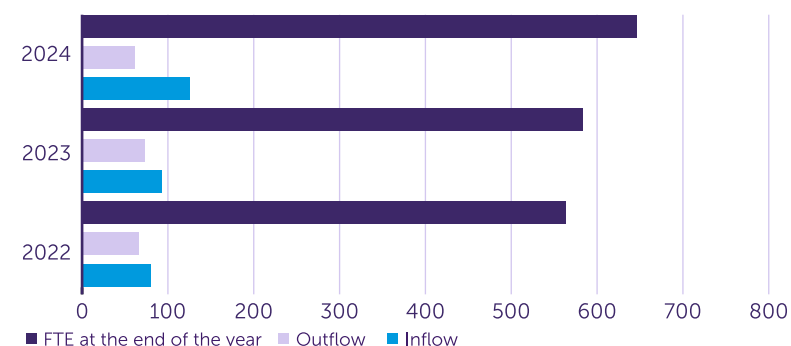
In 2024, we will take important steps to further strengthen attractive employment practices, in line with our ambition to be a future-oriented and inclusive organisation. The growing complexity of our tasks, for example as a result of MiCAR, DORA and Wtp, and advancing digitalisation require employees with broad qualifications. Finding, developing and retaining talent in a challenging labour market was therefore high on our agenda.

In 2024, our recruitment yielded excellent results: we filled 195 permanent positions, including 139 employees from outside the AFM, sixteen working students, fourteen interns and 26 internal transfer candidates. We have taken steps towards a more objective recruitment process through pilots with assessments and structured interviews. In addition, we started implementing a new recruitment system to better monitor and further optimise our processes.

Retention was also an important objective in 2024. Frequent and uniform talent reviews across all departments made it possible to identify common threads and areas for attention. This led to the formulation of targeted action plans, both at departmental level and across the whole organisation. In addition, we started to develop a vision of a future-oriented work concept, Werken@AFM 2.0, in which we laid down ten guiding principles that will be further elaborated in 2025 and implemented where possible.

In addition to the focus on recruitment and retention, we further developed our internal sustainability vision in 2024. In doing so, we integrated five relevant Sustainable Development Goals (SDGs) of the United Nations. We monitor the progress of associated actions using a dashboard, so that both short-term and long-term objectives remain in focus.

Figure 4. inflow and outflow of staff in number of FTEs



Our organisation continues to develop into a modern and inclusive working environment. For example, as of 1 January 2023, we discontinued the conventional appraisal system and now focus on a *continuous dialogue*. This approach, which focuses on continuous learning and looking ahead, was evaluated and further developed in 2024.

The AFM effect

AFM issues warning about Telegram



How the AFM will use a new intervention to ensure that crypto investors are better informed about the major risks and that market participants are more aware of the role of the AFM.



What was the problem?

We saw that pump & dump with cryptos was a widespread phenomenon, with pumps being publicly announced and encouraged, including in public Telegram groups, a favourite channel of crypto investors.



What did the AFM do about this?

On 26 September 2024, the AFM warned the general public about the risks of pump & dump with cryptos.

In order to reach the target group within the Telegram channels, we initiated a Telegram campaign (for the first time). We placed a warning in about twenty crypto Telegram groups.



What did the market do next?

In some groups we were immediately 'banned' without being able to post the message; sometimes there was a substantive discussion about the regulations and sometimes it was not taken seriously.



What is the impact of this?

We reached around 15,000 crypto investors with our warning. As a result, these investors know that there are many risks associated with pump & dump with cryptos and that participating in them is prohibited. This allows them to make better investment decisions. In addition, providers and influencers are aware that the AFM is watching in all kinds of places.

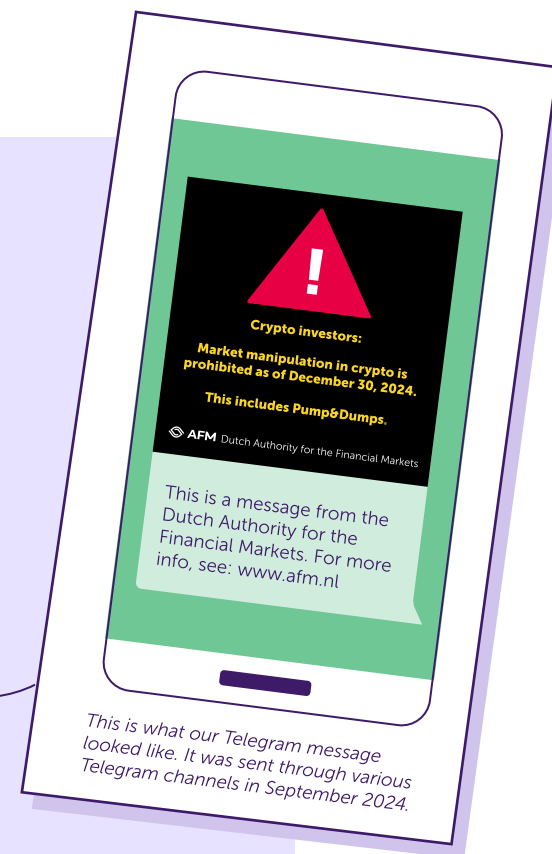
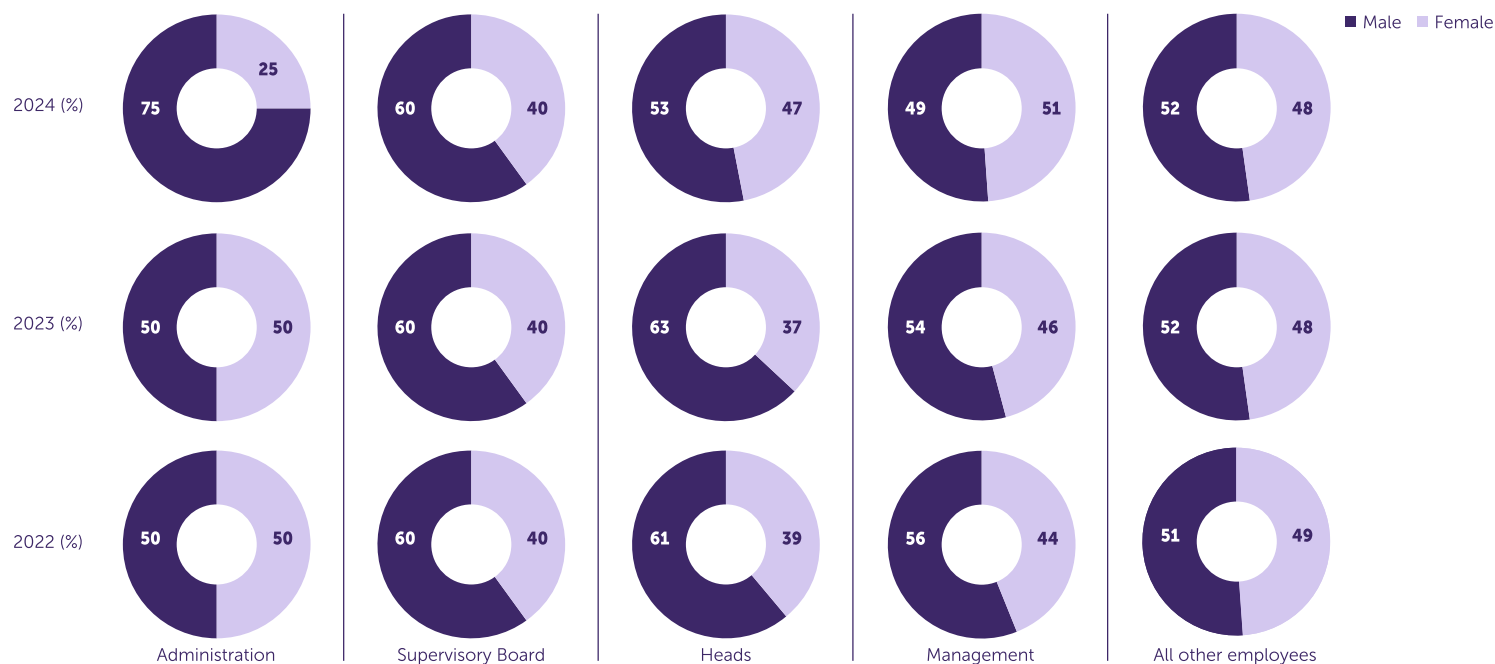


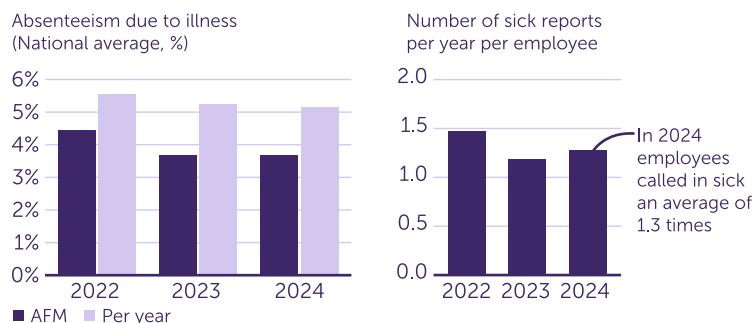
Figure 5. Gender ratio as at 31 December 2024



Diversity, equity and inclusion are an integral part of our strategy. The Statistics Netherlands cultural barometer shows that the AFM is comparable to other public and semi-public organisations and financial institutions in terms of cultural diversity. The ratio of men to women at the AFM is increasingly approaching 50/50. On the Executive Board, the ratio was also 50/50 for almost the entire year, but after the departure of Linda Sas, a male successor took over her role from the fourth quarter. In addition, a pay gap study, conducted by Erasmus Q-Intelligence, confirmed that women and men with similar characteristics are paid equally in the same positions. For these efforts, we received the 'excellent' label in 2024.

Employee vitality remains a priority, because we believe that vital employees are better able to contribute to our mission. Vitality is a permanent part of the continuous dialogue and was further strengthened by initiatives such as a vitality month and the provision of an online platform for mental well-being (Open Up). In doing so, we supported our employees in their personal growth and balance.

The average absenteeism rate at the AFM remained virtually the same, at around 3.7% in 2023 and 2024. This is below the national average, which also shows a downward trend: 5.2% (figures from Statistics Netherlands). The sick reporting frequency is 1.3 times per employee per year, comparable to 2023.

Figure 6. Absenteeism due to illness

A strong IT organisation and infrastructure

Since 2022, we have been strengthening our IT on the basis of a renewed IT strategy. With this IT strategy, we are taking steps to make internal business processes even more efficient and to ensure that interaction with institutions and external stakeholders and partners (including by digital means) takes place as effectively as possible.

Our IT management organisation is multidisciplinary and agile. This allows us to periodically adjust the results by means of iterations.

In 2024, we updated our architecture policy and target architecture, ensuring consistent IT solutions and better alignment between IT and supervisory and support departments.

In 2024, we completed the migration of our CRM system to the cloud. This has made the application landscape more future-proof. This is the starting point for moving multiple systems to the cloud in the coming years. In addition, we prepared to phase out other old applications from 2025 and replace them with future-proof solutions. A technical upgrade was also carried out to bring the capital market systems up to date.

In preparation for setting up a new AFM Portal (My AFM environment), a proof of concept has been developed, in which, among other things, the reusability, time to market and security aspects (such as the design of two-factor authentication) have been tested, prior to the step-by-step delivery in 2025. This leads to a more efficient and secure exchange of data with institutions.

In 2024, we delivered the necessary functionalities within the IT applications to support the DORA legislation. We also added several new statutory tasks, such as MiCAR, Insider Disclosure, OCN7, CSRD and WWFM.

In addition to the above-mentioned objectives, we will launch the European tender for the standard IT services in 2025. We currently outsource this service to Cegeka. The contract with Cegeka expires in 2026. We are also investigating the possibilities of using AI for our business processes.

Publications in 2024

Reports

- Sociaal jaarverslag 2023 (april)

Others

- Stakeholderonderzoek AFM (February)
- Loonkloof binnen AFM is nul, blijkt uit onderzoek (November)

9. Organisation and control

Governance and portfolio composition

The AFM is an independent administrative body with statutory powers for the supervision of conduct of business in the financial markets. The AFM is a foundation (legal entity) with an Executive Board and a Supervisory Board. The Supervisory Board supervises the way in which the AFM Executive Board performs its duties.

Composition of the AFM Executive Board



Chair

Laura van Geest

1962, Dutch nationality, date of first appointment February 1, 2020, end of first term February 1, 2024, end of second term February 1, 2028



Director

Hanzo van Beusekom

1972, Dutch nationality, date of first appointment June 1, 2018, end of first term June 1, 2022, end of second term June 1, 2026



Director

Jos Heuvelman

1962, Dutch nationality, date of first appointment September 1, 2018, end of first term September 1, 2022, end of second term September 1, 2026



Director of Operations

Linda Sas

1972, Dutch nationality, date of first appointment May 1, 2021, Date of termination of employment: October 1, 2024



Interim Director of Operations

Frans van den Hurk

1961, Dutch nationality, Appointment as of October 1, 2024

Corporate Governance Code

Where possible and relevant, the AFM complies with the same governance requirements as those imposed on the listed companies under its supervision. We therefore comply voluntarily with the Dutch 'Corporate Governance Code 2022' (the Code).

To report consistently on compliance with the Code for 2024, we have drawn up an overview of all provisions of the Code that are applied within the organisation. This overview, [the Corporate Governance Code matrix](#), also shows which provisions are partially applied or not applicable, for example because the AFM is an independent administrative body (ZBO) in the form of a foundation. The matrix has been published on our website. The elements of the matrix are reflected in, among other things, the chapter on the AFM as a professional organisation.

Works councils

In 2024, the Works Council (OR) started an important advisory process on the intended reorganisation of the AFM. This reorganisation, with the motto 'Supervision with a Future', is aimed at making the AFM future-proof. Due to the increasing digitalisation of supervisory processes and the expansion of tasks, the organisation is growing and must adapt to this. The Works Council first advised on the hiring of external expertise to support the AFM in this reorganisation. In the request for advice, the Works Council emphasised the importance of:

1. Clear objectives and formulations of results
2. A thorough elaboration of various solution scenarios
3. Sufficient employee engagement

In 2025, the Works Council will issue an opinion on the final reorganisation plan and the implementation of the intended changes.

Another important topic is the pension transition, which also means that the AFM will have a new pension scheme. In 2024, extensive consultations took place between the Works Council and the Board. The amendment of the pension scheme requires the consent of the Works Council and concerns complex matters that affect all AFM

employees. At the beginning of 2025, the Works Council agreed to request consent for the pension transition.

In addition, the Works Council advised on the centralisation of contract management, management and operational procurement. This restructuring is a follow-up to the 2023 reorganisation of the Information Management department, for which the Works Council provided advice at the time.

Furthermore, the Works Council has agreed to a new study costs scheme, which offers employees more flexibility in following training courses. A new appreciation scheme has also been approved, which gives management more opportunities to express appreciation for employees. The Works Council has recommended that the Board make the application of this scheme transparent to the employees, and that it periodically assesses whether the new scheme continues to meet the needs of the employees.

Other processes on which the Works Council has advised or given its consent include the appointment of a new occupational health and safety service, advice on merging teams within the Account Supervision department and advice on new screening regulations for AFM employees.

In summary, the Works Council completed nine requests for advice and consent in 2024:

- Advice on merging the Account Supervision teams
- Advice on centralisation of contract management, contract administration and operational procurement
- Advice on assignment of external party for advice on AFM reorganisation 'Supervision with a Future'
- Approval of appointment of new occupational health and safety service
- Approval of changes to the leave scheme for public holidays
- Approval of the revision of screening regulations
- Approval of new pension scheme for AFM
- Approval of adjustment of study costs scheme and guidance for training
- Approval of the addition of the appreciation policy and bonus policy

Compliance and integrity

Compliance and integrity are of paramount importance to the AFM. Confidence in the AFM is damaged if employees are consciously or unconsciously involved in unethical behaviour. In view of our role as a financial market supervisor, our employees have an exemplary role when it comes to integrity.

Activities in 2024

A large part of the compliance activities are regular in nature, such as raising awareness among employees, management and the Supervisory Board through training, intranet messages and dialogue. Compliance officers oversaw private investment transactions, ancillary activities, invitations and gifts. We advised the Supervisory Board on ancillary positions of existing and prospective members and devoted regular attention to compliance and the integrity policy.

In addition to these activities, we focused on raising awareness of our code of conduct and associated regulations, with e-learning and publications on the intranet on topics such as private investment transactions, ancillary activities, manners, demonstrations and exam fraud. This led to questions and reports from employees about compliance and integrity.

Reports and signals about our own staff

In 2024, 51 reports were received, 42 of which were due to an employee's own report. 21 of the 51 reports led to an investigation. In addition, a report from 2023 was investigated and completed. In nine cases, a note was included in the file of the person concerned (a minor sanction). The other reports investigated did not lead to the imposition of a sanction.

Most of the reports that led to an investigation concerned compliance with the Private Investment Scheme, which applies to all AFM employees to prevent actual or apparent insider trading. These were mainly administrative errors such as registering an investment account

too late and/or conducting private investment transactions without prior permission from the compliance officer.

In 2024, there was an increase in the number of reports of administrative errors compared to previous years. This may be explained by mandatory e-learning, which created more awareness of, for example, the investment scheme among employees.

Risk management

The Board and management are responsible for the design, existence and operation of a risk management framework. We have integrated risk management and embedded it in the control cycle. For example, it is part of the performance dialogue that the Board conducts with the department heads.

We distinguish between the risks that occur in the market (market risks) and the risks that we experience as an organisation (operational risks). We monitor the operational risks that have a financial impact on the financial statements through a system of in-control statements.

Market risks

It is our legal and social duty to monitor behaviour in the financial markets. We regularly investigate behaviour that may be seen as undesirable and where and how we can use our supervisory capacity. In consultation with stakeholders, we determine what the most important risks are. These supervisory priorities were part of the 2024 Agenda.

We report on the specific management of the most important market risks in the first chapters of this annual report.

Operational risks

During the year, the Operational Risk Board (ORB), in which the first, second and third lines are represented, was periodically consulted on the management and control of these operational risks.

In 2024, we revised the risk management policy. The risk framework has been clarified, with better positioning of strategic, supervisory and operational risks. This leads to a more comprehensive control of risk management. The revision took account of technological developments in the field of digitalisation. In addition, extra attention was devoted to culture and behaviour within the AFM. The assessment framework has been adjusted and is now more in line with the cost framework.

Operational risks and control measures

The operational risks are reported to the ORB, the Board and the Audit Committee of the Supervisory Board three times a year. In 2024, the focus remained on the previously identified risks that require extra attention throughout the organisation.

Insight into chain and process dependencies

In 2024, we built on the previous efforts to map the process chain dependencies. Based on these insights, the basis for process architecture and process governance has been set up. This harmonisation supports the standardisation of processes and the standardisation of IT systems, increasing our flexibility and enabling efficient integration of new legal tasks into the organisation. We will develop this initiative further in 2025, with a focus on optimisation and strengthening our capacity to manage change effectively.

Achieving tasks and legal ambitions

In 2024, we successfully built on the previously increased recruitment effort. Given the tight labour market, we focus on being an attractive employer, paying particular attention to diversity, inclusiveness and vitality. Thanks to the strategic personnel planning, a clear picture has emerged of the desired and required staffing levels for the future.

Information security

In 2024, we further strengthened our security governance and aligned it with the Three Lines model, which improved information security collaboration and control. In view of the increasing threat of cyberattacks, we strengthened our information security policy to ensure the confidentiality, integrity and availability of data.

In collaboration with IT suppliers, we invested in advanced security technologies and increasing security awareness among employees. A mandatory e-learning module gave employees the necessary knowledge to handle information responsibly. This contributes to a culture of vigilance.

Milestones in 2024 included improving information security processes based on independent assessments, such as penetration testing, and the Cloud Environments Security Programme, which led to enhanced protection of our cloud platforms. There were no significant security incidents in 2024, confirming the effectiveness of our measures.

Privacy

We process personal data for supervisory tasks and business operations, with responsible data use and GDPR compliance receiving continuous attention. In 2024, a Privacy Office was established to support the AFM in GDPR tasks, which ensures a structural approach and promotes awareness and compliance at all levels.

In addition, we devoted particular attention to increasing the knowledge of employees through a mandatory e-learning course on responsible data use and knowledge-sharing meetings for privacy coordinators, which has further increased the level of knowledge on privacy and information security.

In 2024, 48 incidents involving personal data were investigated. Two data breaches were reported to the Dutch Data Protection Authority.

Business continuity management

In 2024, the focus within business continuity management (BCM) was on strengthening the crisis organisation. Crisis exercises were carried out with scenarios affecting business operations. In addition, the crisis team was expanded by training additional employees.

The management measures were critically evaluated, and crisis plans were revised or renewed. These measures have strengthened the AFM's preparedness and continuity.

The in-control statement

The in-control statement is an instrument with which the Board accounts for the quality of the internal business processes, with a focus on the reliability of the external reporting. In order to arrive at a positive assessment, the processes, risks and control measures were described. By signing the declaration, process owners confirm that the risk management measures are in order both in design and in operation. Based on the system of in-control statements, we conclude that the risk management and control systems are functioning properly and that the financial reporting does not contain any material errors.

Legal proceedings

As an organisation, we must treat others in a correct manner, which also applies to individual employees. If someone considers that this has not been the case, he or she can file a complaint with the General Counsel of the AFM. We handle complaints carefully, in accordance with the complaints regulations and the General Administrative Law Act (Awb).

In 2024, the General Counsel received two complaints. One of these has been dealt with and the other has not been dealt with on the basis of Section 9:8(1)(d) Awb (and Article 9(1)(d) of our complaints procedure). Questions and general complaints about the AFM's policy were assessed and responded to on behalf of the General Counsel. Complaints about supervised institutions were reported internally in support of the exercise of supervision.

Open Government Act (Woo)

We handle requests to the AFM under the Open Government Act (Woo) carefully and in a timely manner, with due observance of the applicable legal framework and our duty of confidentiality. We do not disclose information if confidentiality or another ground for exception in the Woo applies to the requested information. In 2024, the AFM received sixteen Woo requests. All were processed within the statutory decision periods. In six cases, the applicant lodged an objection, one of which was withdrawn, one was declared inadmissible and four were rejected. Appeals were lodged against two decisions on objections.

Objection and appeal

In 2024, we received 77 objections. This is almost 20% fewer than in the previous year (2023: 96 objections). Most of the objections (50) were directed against the levies imposed under the [Financial Supervision Funding Act](#) (Wbft). These objections related to levies for one-off supervisory acts and levies for ongoing supervision.

The other 27 objections were directed against various decisions. These included objections against the decision to impose a fine (9), the rejection of a Woo request (6), an enforcement request (4) and the publication of a decision (1).

In 2024, we dealt with a total of 74 objections. Of these, 49 were withdrawn, fourteen were considered inadmissible, six were fully or partially upheld and five were declared unfounded. In almost 96% of the cases, we took a decision on the objection within the applicable legal periods.

Legal proceedings

The number of legal proceedings brought against the AFM increased in 2024 compared to 2023 (31 in 2024 compared to 20 in 2023). In 2024, decisions were rendered in fifteen court proceedings – preliminary injunctions, appeals and further appeals. A number of proceedings are also law-forming and principled in nature. In 2024, eight rulings were favourable, one partly favourable and six unfavourable to us. In almost 57% of the procedures, the outcome was therefore (mostly) positive for us. This is the case, for example, if a relief requested by the other party is rejected, an appeal or further appeal by the other party is declared unfounded or our judgment has been upheld for the most part.

Hearing Committee

Before we decide on an objection, we give interested parties the opportunity to explain the objections orally to the Hearing Committee. In 2024, there were eleven hearings. We only waive this if there is no reasonable doubt about the decision to be taken on the objection. Where interested parties declare that they do not wish to exercise the right to be heard, we do not hold a hearing.

The AFM's Hearing Committee, which is not an advisory committee within the meaning of Section 7:13 of the General Administrative Law Act, consists of an external chairman, a lawyer from the Legal Affairs department and (sometimes) a representative of the department that prepared the primary decision against which the objection is lodged. In 2024, the Hearing Committee had two external chairs, Mr J.A.F. Peters and Ms M.E.J. Bracco Gartner.

Control cycle

We use a management cycle for internal management and external accountability. In this cycle, the process of (strategic) planning, implementation, adjustment and accountability takes place within the financial preconditions. On the basis of interim measurements, we assess whether the AFM is 'on track', in terms of both financial and non-financial objectives. If necessary, we make adjustments. External stakeholders receive periodic information on progress. In the annual report, we account for the results and effects of our efforts.

Accountability for the lawful financial management of purchases

The procurement process for European and national tenders is conducted in a digital and uniform manner. We follow the guidelines of the Public Procurement Act and the relevant financial procurement limits. We centralised the contract management function with the existing central purchasing team, thereby continuing to focus on improving our processes. In 2024, we remained within the government-wide tolerance limit for unlawful purchases of 2% of realised costs. For 2024, this amounted to 1.4%.

Audit

A statutory auditor audits our financial statements, but does not fall under the supervision of the AFM according to Section 7(2) of the Financial Supervision Funding Act. The chosen body was the Central Government Audit Service (ADR), which carries out the internal audit function for various ministries. Because the ADR, like the AFM, falls under the Ministry of Finance, measures were taken to guarantee independence. The audit was assigned to an auditor who was not involved in other ADR activities related to the AFM.

Funding

Supervised financial enterprises pay the costs of supervision, as regulated in the Financial Supervision Funding Act (Wbft).

The Financial Supervision Funding Decree (Bbft) states how the budgeted costs of supervision are divided into sixteen distinct categories. In principle, the percentage share per category is determined once every five years by the Ministers of Finance and Social Affairs and Employment. The bases for the calculation of the percentage shares are the hours recorded for the supervision of specific supervision codes. The percentage shares are then determined on the basis of the average of the three previous annual tiers and an estimate of the changes in the supervisory efforts for the next two years.

The costs to be charged for ongoing supervision in any year are determined by deducting the budgeted revenues for one-off transactions and budgeted BES expenses from the budgeted expenses. This amount constitutes the market contribution based on the budget. The positive or negative operating difference of the previous year is then applied to this. Since 2023, we have also had access to the levy reserve (stability instrument). One-off transactions are charged for to cover costs.

The costs for ongoing supervision are divided over the sixteen supervision categories in accordance with the established percentage shares. On the basis of the size of the population of enterprises per category and the individual benchmark values per enterprise, the Ministers of Finance and Social Affairs and Employment determine the annual rates that are published by the Ministry of Finance in the Government Gazette ([Regulation on the Funding of Financial Supervision](#)).

Development of supervision costs

We budget by cost type and by area of supervision. Our supervision is risk-based and often takes place by means of thematic research. Various disciplines contribute to this supervision, usually from different departments. Regulators and support staff therefore record hours on the basis of which the percentage shares in the costs are ultimately determined. The development of the AFM's costs is determined over a multi-year period in a cost framework determined by the Ministers of Finance and Social Affairs and Employment. The cost framework ran from 2021 to 2024.

Table 5. AFM cost framework 2021-2024

	2020	2021	2022	2023	2024
Base amount (starting point = budget 2020)	106,2	105,9	105,9	105,9	105,9
Known expansion of task	n.a.	3,0	5,2	12,0	20,8
Strengthening datadriven supervision	n.a.	3,5	3,5	3,5	3,0
Savings	n.a.	1,7-	3,1-	3,4-	3,7-
New base amount	106,2	110,7	111,5	118,0	126,0
Target	n.a.	0,4-	0,8-	1,2-	1,6-
Wage adjustment	n.a.	0,8	2,1	4,6	8,1
Price adjustment	n.a.	0,6	1,3	4,3	6,3
Budget framework	106,2	111,7	114,1	125,7	138,7
Contingencies	n.a.	1,5	2,0	3,0	4,0
Of which included in the budget	n.a.	-	-	-	2,2
Of which not included in the budget	n.a.	1,5	2,0	3,0	1,8
Multi year framework	106,2	113,2	116,1	128,7	142,7

The basic amount in the 2021-2024 cost framework is the 2020 budget, based on the AFM's statutory range of tasks. The increase in supervisory costs in the current cost framework is related to known expansions of the range of tasks in particular for audit supervision and the supervision of capital markets, pensions and financial economic crime. These tasks are assigned to the AFM by the government and result partly from European legislation and regulations. In addition, the investment scope has been determined for the strengthening of data-

driven supervision. During the term of the cost framework, the item 'known expansion of the range of tasks' was adjusted on an interim basis for the intensification of supervision of PIE audit firms and the entry into force of the Future Pensions Act.

In 2024, a number of major new supervisory tasks will be added to our range of tasks. These include the preparation of the supervision arising from the Digital Operational Resilience Act (DORA) and supervision of the crypto market (MiCAR), the implementation of the Corporate Sustainability Reporting Directive (CSRD), the Non-Performing Loans Directive (NPLD) and the Accessibility Directive (DTR). For these new statutory tasks (and associated preparation), we deployed additional structural capacity in 2024.

For these new statutory tasks, we entered into substantive agreements with the ministries involved concerning their implementation, and we also entered into financial agreements with the Ministry of Finance regarding the final year of the current cost framework and the 2024 budget. This led to an increase in the 2024 cost framework.

The increase in supervisory costs is offset by savings and an imposed task. These were completed as part of the cost framework on the basis of prioritisation in the performance of the existing range of tasks and more efficient business operations.

The wage and price adjustments are determined annually based on price indices from Statistics Netherlands and the Netherlands Bureau for Economic Policy Analysis (CPB). We note that there is a delay in the currently chosen system regarding the modification of the price adjustment (in accordance with the rules of the 2021-2024 cost framework). For the price adjustment, we use the 'annual change in CPI', as published by Statistics Netherlands in June of the year preceding the year to which the supervisory budget relates. For example, a price adjustment of 5.7% was used in the 2024 budget.

Finally, an 'unforeseen' item has been included for unforeseen developments. Since the total capacity required for all new statutory tasks is greater than the increase in the cost framework for 2024,

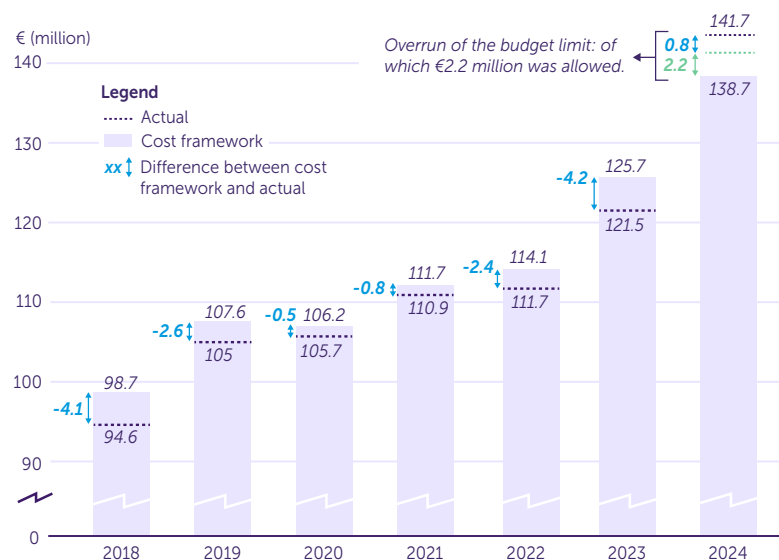
it has been agreed that we will work as much as possible with a phased growth in which part of the 'unforeseen' item in the last year (2024) of the current cost framework will be used for the other new tasks mentioned. This was done with the consent of the Supervisory Board and the knowledge of the Ministry of Finance.

The new tasks mentioned were also considered in the light of the 2025-2028 cost framework on which the Ministers of Finance and Social Affairs and Employment jointly took a decision in 2024.

The multi-year framework minus the contingency item is the budget framework (see Figure 7).

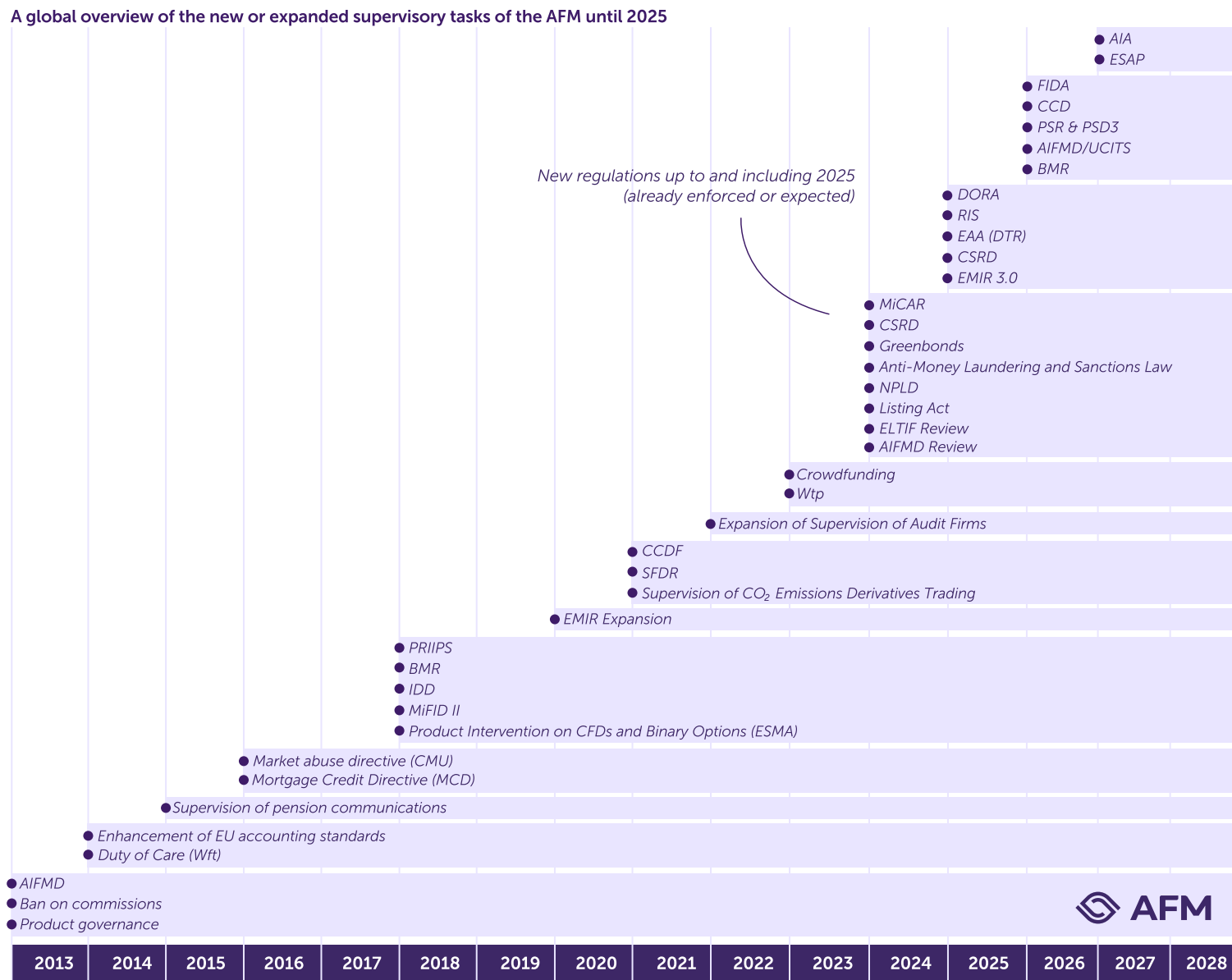
Figure 7 shows the multi-year trend in actual supervisory costs against the agreed cost framework for those years. In recent years, the budget has been at the same level as the cost framework. The sharp increase in the budget in 2019 can be explained by the €7.7 million increase in the cost framework in preparation for the expansion of capital market supervision in the context of Brexit. The sharp increase in the budget in 2023 can be explained by the increase in the cost framework due to intensification of audit supervision and expansion of pension supervision.

Figure 7. Evolution of the fiscal framework



Each year, the AFM deliberately aims as much as possible for a lower actual figure than the budget framework allows, to prevent the ceiling from being exceeded.

Figure 8. Overview of increase in supervisory tasks



The sharp increase in the budget in 2024 can be explained by the increase in the cost framework due to new supervisory tasks (see Figure 13). Including wage and price adjustments, the budget framework for 2024 amounted to €138.7 million. With the approval of the AFM's Supervisory Board and with the knowledge of the Ministry of Finance, €2.2 million of the unforeseen item was also used. Figure 12 shows that the AFM has always remained within the budget and the cost framework since 2018.

In the 2024 budget, agreements were made with the Ministry of Finance regarding new supervisory tasks (€10.3 million), the assumption being that the AFM would absorb €1.4 million within the budget by means of FTE assimilation. However, the recruitment of new employees in 2024 proved to be much more successful than in previous years and the outflow also remained relatively low. The AFM also incurred unforeseen costs for adjustments to the organisational structure and culture in order to be able to fulfil its duties as a supervisor in the future.

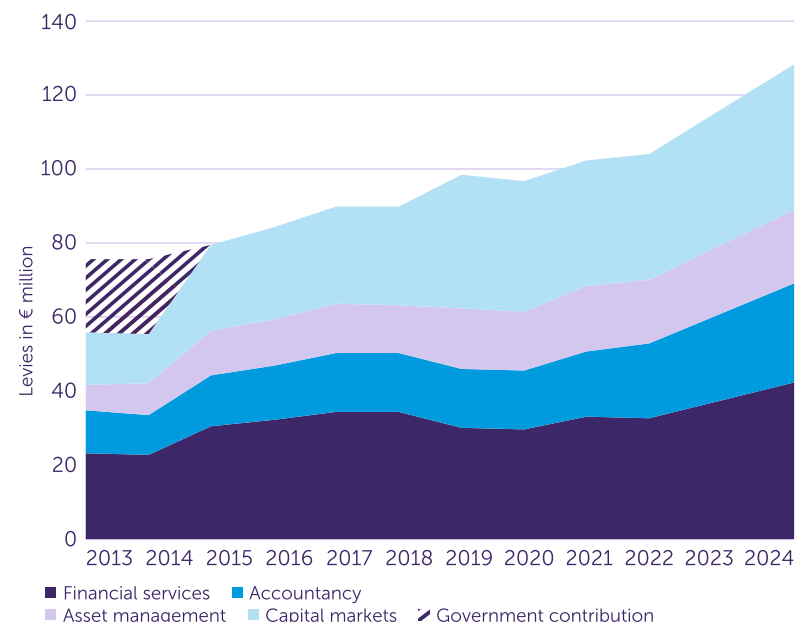
In 2025, the AFM will also face several challenges due to the expansion of the range of branches. This has now been included in the 2025-2028 cost framework. We concluded that it is neither feasible nor desirable to absorb the financial impact of the successful recruitment efforts within the 2024 budget. Where possible, initiatives and projects have been postponed to 2025. In accordance with the rules in the 2024 cost framework, permission was requested from the Supervisory Board in good time to make use of the 'contingency item'. And this permission has been granted. This allowed us to continue recruiting and preparing for new tasks in 2025. In accordance with this expectation, the budget was ultimately slightly exceeded but remained within the agreed cost framework for 2024.

Passing on costs in ongoing supervision levies

In the graph below, the costs passed on to the supervised companies are divided into the supervisory areas and the underlying sixteen tax categories. For some categories, there is no possibility of pure classification in a supervisory area. The classification is based on the

main points and gives a good picture of the general development in each supervisory area.

Figure 9. Increase in levies



In 2015, there was a sharp increase in the levies caused by the discontinuation of the government contribution of approximately €20 million. The levies are likely to increase further in the coming years because of a number of major new supervisory tasks (such as DORA and MiCAR).

In 2024, we used the levy reserve in such a way as to mitigate the increase resulting from the preparation for the supervision of MiCAR. In addition, for 2025 we will consider whether the tax reserve can be used again to cushion the increase.

Incidentally, an increase in costs does not necessarily lead to an increase in the levies for each company. This partly depends on the category in which the costs fall, the population growth, the annually determined rates and the individual benchmark values.

Financial services

The levies for financial service providers have remained broadly stable. From 2019 onwards, there has been a slight decrease. After the financial crisis, supervision was tightened and then stabilised. In the coming years, the costs will increase due to the transition to the new pension system in accordance with the legislator's decision. The cost framework for the years 2023 and 2024 was adjusted for this purpose by €4.1 million and €4.6 million, respectively. In addition, in 2024, the 'contingencies' item from the cost framework will be used to prepare for the supervision arising from the Non-Performing Loans Directive (NPLD) and the Accessibility Directive (DTR).

Capital markets

In the field of capital markets, there have been major developments, including the financial crisis, Capital Markets Union and Brexit. In response to the financial crisis and the decision to move to a common capital market in Europe, a lot of new legislation has been drafted (such as EMIR, MIFID II). In addition, Brexit has led to a lot of extra work for the AFM from 2019 onwards and therefore a sharp increase in supervisory costs.

Asset management

The increase in levies for the supervision of asset management can be explained by new legislative packages, including the AIFMD.

Audit firms and reporting

There has been a slight increase in the levies within the supervision of audit firms. First, this has to do with the improvement in quality in the sector, which initially did not get off the ground sufficiently, necessitating an intensification of supervision. In the coming years, costs will rise due to further expansion and intensification of supervision. The current cost framework has been adjusted for this purpose, rising to €2.4 million in 2024. Second, this is due to the preparation of the supervision for the implementation of the Corporate Sustainability Reporting Directive (CSRD). The 'contingency item' from the cost framework was used for this purpose in 2024.

Publications in 2024

Others

- Waarschuwing voor oplichtingsmail uit naam AFM (August)
- Guda van Noort benoemd tot lid raad van toezicht AFM, Willemijn van Dolen vertrekt (August)
- Linda Sas verlaat de AFM (August)

10. Report of the Supervisory Board

Developments in the financial sector in 2024 show a clear shift towards digitalisation, sustainability and adaptation to changing economic and social demands. All of this requires a sharp focus on the AFM as a supervisor in a complex and dynamic environment.

In 2024, we fulfilled our role as the Supervisory Board of the AFM. We devoted attention to the Executive Board's plans for the reorganisation of the authority. In addition to digitalisation, the growth of the AFM is also a reason to improve the structure. The development of the new cost framework for 2025-2028 was also on the agenda, given its impact on the future financial basis of the organisation. Other key topics in 2024 were the progress of the implementation of the IT strategy, a crucial element to strengthen the AFM's digital strength, and the implementation of the sustainability strategy, with a focus on the AFM's responsibility in supporting a sustainable financial sector.

In our role, we called in 2024 for critical attention to be devoted to the effectiveness and pursuit of measurable results and social impact. We see steps in the right direction, but we will maintain our focus on this in the coming years.

The Supervisory Board would like to thank the Executive Board and the employees of the AFM for their dedication and effort over the past year. We look forward to continuing the valuable cooperation with the Executive Board and all employees in 2025.

Composition of the Supervisory Board and the Executive Board

In 2024, the composition of the Supervisory Board changed. After two terms, Willemijn van Dolen left the Supervisory Board on 1 September. She was vice-chair and also chair of the Appointments and Remuneration Committee. We thank her for her important contribution to the Supervisory Board.

As of 1 September 2024, Guda van Noort joined the Supervisory Board. She is an enthusiastic and socially engaged administrator and brings scientific expertise in the field of the digital society, technology and consumer behaviour. She took part in a thorough introduction programme.

After the departure of Willemijn van Dolen, we rearranged the role of vice-chairman and the composition of the committees. Leontine van der Goes has been elected vice-chair and Guda van Noort will strengthen the Appointments and Remuneration Committee.

Laura van Geest was reappointed as chair of the AFM, as chair of the Executive Board, with effect from 1 February 2024. We are pleased that she wants to use her accumulated knowledge and expertise to continue to work for the AFM in the coming term.

As of 1 October 2024, Linda Sas, board member for business operations, left the AFM. As a non-statutory director, she was responsible for the central management of the business operations. We thank her for her important and excellent contribution to the professionalisation of the internal organisation. Her position is being temporarily filled by Frans van den Hurk. Together with the Executive Board, the Supervisory Board is considering an appropriate method of succession and the composition of the Board in relation to the strategic challenges of the AFM.

The female/male ratio within the Supervisory Board was 40%/60% and within the Executive Board (including the director for internal business) it was 50%/50%. This met the principles of a balanced and diverse composition as included in the profiles. Due to the departure of Linda Sas, the desired target figure for the Board is no longer being achieved. When the succession plan is known, we will devote explicit attention to diversity in recruitment to achieve the desired target figure again. Since diversity has a wider range than the male/female distribution, we strive for a balanced and diverse composition. We also consider, for example, knowledge, affinity, background, experience and personality.

Composition of the Supervisory Board



Supervisory Board Member of the Appointments and Remuneration Committee

Sander Dekker

1975, Dutch nationality, date of first appointment Juli 1, 2023, end of first term 1 juli 2027



Vice-Chair of the Supervisory Board Member of the Audit Committee

Leontine van der Goes

1972, Dutch nationality, date of first appointment June 1, 2023, end of first term June 1, 2027



Chair of the Audit Committee

David Voetelink

1953, Dutch nationality, date of first appointment July 15, 2019, end of first term July 15, 2023, current term until July 15, 2027



Chair of the Appointments and Remuneration Committee Rob Langezaal

1958, Dutch nationality, date of first appointment September 1, 2019, end of first term September 1, 2023, current term until September 1, 2027



Member of the Appointments and Remuneration Committee

Guda van Noort

1977, Dutch nationality, date of first appointment September 1, 2024, end of first term September 1, 2028

Procedure of the Supervisory Board

The Supervisory Board performs its duties in accordance with the principles of good governance, as laid down in the articles of association and regulations.

Meetings and attendance

The Supervisory Board met on a regular basis seven times in 2024, including on one occasion without the Executive Board. There was also an additional meeting concerning specifically the top structure, an annual strategy session and two meetings in the context of continuing education. Prior to the regular meetings, the Supervisory Board holds a preliminary consultation. In addition, there were in-depth sessions on supervisory topics. The Chairman of the Supervisory Board and the Chairman of the Executive Board held regular interim consultations on matters falling within the remit of the Supervisory Board and on relevant developments.

The attendance rate of the Supervisory Board members at the meetings was high, which is an objective we pursue. The table below shows the attendance of members for the regular meetings and the committee meetings, compared to the number of meetings.

Member	Supervisory Board	AC	ARC
Sander Dekker	7/7	n.a.	2/2
Leontine van der Goes	7/7	3/3	n.a.
Rob Langezaal	6/7	n.a.	1/2
David Voetelink	6/7	3/3	n.a.
Guda van Noort	2/2	n.a.	1/1
Willemijn van Dolen	4/5	n.a.	n.a.

Collaboration with the Board

The Supervisory Board acts as a critical sounding board for the Executive Board. We conduct an open and constructive dialogue in which both formal and informal meetings contribute to healthy dynamics between the two bodies. The Supervisory Board attaches great importance to the transparent provision of information and receives relevant and timely reports from the Executive Board.

Continuing education

In 2024 permanent education was dominated by, among other things, the pension transition. We were involved in the pension transition, specifically with regard to the changing role of conduct supervision during and after the transition. We also invited several relevant stakeholders with the aim of learning about the impact of the pension transition on the sector. In 2024, we started in-depth sessions on specific supervisory topics. We also conducted an in-depth analysis of the supervision of financial service providers and in MiCAR and cryptos.

Information provision and contacts with stakeholders

We attach great importance to a broad understanding of the organisation and its environment to be able to perform our supervisory and advisory function optimally. To achieve this, we consult both internal and external sources of information. We receive regular reports from the Executive Board, including periodic dashboards with for example information on the progress of strategic and operational objectives and the periodic risk reports. We also receive national and international reviews and market research.

In 2024 we spoke with the Works Council about social safety, diversity, appreciation and rewards and the intended redesign of the organisation. According with our fixed consultation structure we speak with the Ministry of Finance twice a year. In addition, we strive to include external perspectives and insights in our work. We therefore visited participants in the sector to gain insight into their expectations and experiences. For example, we spoke with financial

service providers, an umbrella organisation and we took part in a supervisory investigation. Together with the Executive Board and the Supervisory Board of DNB, we also spoke with several CEOs from the financial sector again this year. In addition, we meet once a year with the Supervisory Board of DNB to exchange experiences in relation to the supervision of the financial sector.

Through this broad approach to information gathering, the Supervisory Board guarantees a balanced assessment of issues and interests. Finally, we attended informal AFM meetings, where we spoke to employees from all kinds of departments.

Evaluation of the Executive Board and the Supervisory Board

At the beginning of 2024, we carried out evaluations of both the individual directors and the Executive Board as a whole. For this we used the 360-degree feedback that was completed for all directors by fellow directors, employees and Board members. We looked both back and ahead in the individual conversations. Development points and training needs were discussed. We also had a conversation with the entire Executive Board about its collective performance. Halfway through the year, we had informal discussions with each director about his or her performance. We are pleased with how the Executive Board as a team leads the AFM.

To guarantee the quality of our supervision, we carry out an annual self-evaluation. In 2024, an external supervisor supervised this self-evaluation. In preparation, interviews were held with all Supervisory Board and Executive Board members and the secretaries. The findings were then presented and discussed in the Supervisory Board. At the beginning of 2025, we will discuss the results and method of follow-up with the Executive Board. We discussed, among other things, the dynamics in the Supervisory Board, the involvement of the Supervisory Board in strategic topics, the interpretation of the various roles of the Supervisory Board, the functioning of the committees and the provision of information. In 2025 we will continue to make time for team building. We see room for improvement in making further agreements with the Executive Board about how the Supervisory Board

is best able to monitor the realisation of the strategy. We also need to make our role and information needs more explicit with regard to the various strategic documents. We intend to draw up a supervisory vision together with the Executive Board in 2025 with the aim of describing how it fulfils its responsibilities and role.

Independence

The articles of association state that Supervisory Board members perform their work without independent and not bound by any instructions. In the performance of their duties, they focus on the interests of the foundation and are mindful of the reputation of the foundation and its legal and social tasks and objectives. Any form of conflict of interest is avoided. This is further elaborated in the Conflict of Interest Regulations. If a member of the Supervisory Board has a possible direct or indirect personal interest that conflicts with the interest of the AFM, he or she will not take part in the deliberations and decision-making in this regard. There were no such cases in 2024.

Important topics in 2024

In 2024, a new cost framework for the 2025-2028 period was adopted for the AFM. The Executive Board regularly informed the Supervisory Board about the progress and the proposed principles of the new framework. The Supervisory Board was also informed of the outcome of the in-depth analysis carried out for IT and data-driven supervision, as a validation of the AFM's ambition and objective to bring its IT up to date and make it future-proof. The Supervisory Board considers that tight control is needed in the coming years to achieve the ambitions and therefore regularly discusses this subject within the Supervisory Board meetings and in the Audit Committee. A major milestone in 2024 was the successful cloud migration of the CRM system.

As a follow-up to our discussions in 2023, the Executive Board developed concrete plans in 2024 to make the AFM future-proof as an organisation. We were kept well informed about this process by the Executive Board and support the direction taken to work in a data-driven, multidisciplinary and disciplined way. We fulfil our role as

a critical sounding board and in particular emphasised the importance of working in a more result-oriented way and achieving the desired culture change. This will continue to require a lot of attention from the Executive Board in the coming years, especially after the official reorganisation in 2025. The Supervisory Board highlights specifically the impact of future developments on the top structure. Embedding the right knowledge and expertise in the field of digital transformation will be crucial.

At the beginning of 2024, we were informed about the various reviews and investigations that have been carried out concerning the AFM. These give us an idea of how well the AFM is doing its job. Specifically, we discussed the results of the 2023 stakeholder survey with the Executive Board. We have made suggestions to increase the response rate of the next survey. In addition, we continue to emphasise the importance of understandable communication by the AFM.

Various supervisory topics were discussed during 2024. The Executive Board informed the Supervisory Board about, among other things, the exam fraud in the accountancy sector and consulted with the Supervisory Board about specific dilemmas in the supervision of this sector. The Supervisory Board was also informed about the progress of the supervision of the pension transition. For example, we considered the role and attitude of the AFM towards the sector. The final topic we would like to highlight here is the discussion on the sustainability strategy 2024-2028 that the Executive Board has drawn up. We discussed the role of the AFM and how it can be fulfilled. We also discussed the sustainability strategy for internal operations. The reporting on this is included in the AFM-wide dashboard.

During the annual strategy session with the Executive Board, we put the topic of 'measuring social impact' on the agenda. We were inspired by an external speaker from SEO Amsterdam Economics, who has developed a methodology to measure social impact. We exchanged among other things ideas based on the sustainability impact model about what this could look like for the AFM. It is a challenging and complex issue, but we think it is very important to make the impact better and more concrete in small steps in the coming years. We will continue to monitor and raise this topic in 2025.

In 2023, we specifically drew attention to recruitment. We were informed of the progress in 2024, and the result improved significantly in 2024. New successful recruitment strategies have been applied. The Executive Board has shared the common threads from the strategic personnel planning with us. Having a structured process therefore is important.

In 2024 we also assessed the periodic financial reports. We approved the [Agenda 2025](#), the use of the remainder of the 2024 contingency item and the engagement of the statutory auditor. During each meeting we discussed the register of ancillary positions in the presence of the compliance officer. We also assessed various positions and ancillary positions in accordance with the applicable assessment framework. All current positions and ancillary positions can be found on the AFM website. The periodic Compliance & Integrity and Legal Affairs reports were also discussed. In 2024 we updated and approved the regulations of the Supervisory Board, the Executive Board, the Audit Committee and the Appointments and Remuneration Committee. Finally, we approved the amendment of the mandate regulation, the audit plan of the Internal Audit Service (IAS) and the IAS charter.

Report of the Audit Committee

In 2024, the Audit Committee consisted of David Voetelink (chair) and Leontine van der Goes. The Audit Committee met on a regular basis three times in 2024. The meetings took place in the presence of the Chair of the Executive Board, the board member for business operations, the head of Planning, Control and Finance and a delegation from the Internal Audit Service. The statutory auditor of the Central Government Audit Service (ADR) was present at the meetings where we discussed the financial statements, the budget, the management letter and the ADR engagement letter.

The Audit Committee is informed at every meeting about the progress of the implementation of the IT strategy. At the beginning of 2024, the CRM cloud migration was an important milestone, and the implementation of the new IM organisation started. In the field of security, a lot of effort is required; this has led to additional costs. The Audit Committee emphasises the importance of the behavioural aspects in the defined security approach. The Audit Committee discussed the integral risk reports at each meeting. In response to these reports, the Audit Committee specifically asked the Executive Board to devote attention to data management and quality. The primary responsibility for accuracy lies with the first line and the Executive Board emphatically focuses on this. The Audit Committee also critically monitors the follow-up of outstanding issues and supports the extra attention that the Executive Board pays to improving issue management.

In 2024 we followed up on discussions with the Executive Board about the cost framework. We endorse the in-depth investigation of IT costs, among other things. We are positive about the final cost framework, which was adopted by the Ministry of Finance just before the summer. We also issued a positive opinion on the budget for 2025. We critically assessed the Executive Board's request to the Supervisory Board to make use of the remainder of the contingency item for 2024 and then issued a positive opinion. We expressly drew the Executive Board's attention to the importance of controlling future costs.

The Internal Audit Service (IAS) put various audit reports on the agenda. In addition, the IAS collected input from the Audit Committee for the 2025 audit plan and the amendments to the IAS charter were discussed. The Audit Committee had a meeting with the head of the IAS. The IAS passed the external IAS review. In this context, members of the Audit Committee spoke with the assessors and provided input. The Supervisory Board consulted with the statutory auditor, without the presence of the Executive Board. The Audit Committee prepared for this meeting. Among other things, we discussed cooperation and business operations within the AFM.

Report of the Appointments and Remuneration Committee

In 2024 the Appointments and Remuneration Committee consisted of Rob Langezaal (chairman), Sander Dekker and, since October, Guda van Noort. The Appointments and Remuneration Committee met on a regular basis on two occasions in 2024 and held consultations (including online) where necessary. The meetings took place in the presence of the Chairman of the Executive Board and the Head of Human Resources & Facilities and Services. The Appointments and Remuneration Committee carried out the recruitment of a new member of the Supervisory Board. With assistance from a recruitment and selection agency, this eventually led to the appointment of Guda van Noort as a member of the Supervisory Board for a period of four years. Prior to the appointment, an assessment was carried out for propriety, suitability and compliance (including ancillary activities and financial interests).

On the basis of the retirement schedule, several changes will take place in the Executive Board and the Supervisory Board in the coming years. The Appointments and Remuneration Committee therefore considers it important to enter into a contract with an executive search firm that can support the Supervisory Board in this regard and act as a strategic sparring partner. A procedure for a European tender was therefore launched in 2024. The talent review carried out for the heads was discussed in the Committee and agreements were made about the follow-up. Finally, the Committee held annual and half-yearly interviews with the individual directors.

About this report

The Supervisory Board has approved the annual report and financial statements for 2024. The AFM's statutory auditor was present during the discussion of the financial statements.

Amsterdam, 5 March 2025

AFM Supervisory Board

11. Financial statements

Statement of income and expenditure

for the years ended 31 December

Description	Notes	2024	Budget 2024	2023
Income				
Levies	a.	131,861	140,325	124,943
Administrative fines	b.	5,534	-	2,941
Orders for incremental penalty payments	b.	101	-	30
Government contributions	c.	455	621	608
Total income		137,950	140,946	128,522
Expenditure				
Employee expenses	d.	105,752	105,455	91,271
Depreciation and amortisation of non-current assets	e.	957	1,093	1,341
Other operating expenses	f.	35,367	33,509	28,533
Total expenses		142,076	140,057	121,146
Financial income and expenses	g.	- 292	889	342
Total expenditure	h.	141,784	140,946	121,488
Operating result	p.	- 3,834	-	7,034

(Amounts in EUR x 1,000)

Statement of financial position

for the years ended 31 December

Assets		2024	2023
Non-current assets			
<i>Property, plant and equipment</i>			
Renovations	i.	1,658	1,576
Furniture and fixtures	i.	472	530
Computer equipment and software	i.	735	1,114
Total Property, plant and equipment		2,866	3,221
<i>Financial non-current assets</i>			
Rental guarantee account	o.	688	688
Total Financial non-current assets		688	688
Total Non-current assets		3,553	3,908
Current assets			
<i>Receivables</i>			
Debtors	j.	4,421	5,419
Current receivables, prepayments and accrued income	k.	5,571	3,653
Total Receivables		9,992	9,071
<i>Cash and cash equivalents</i>			
Cash and cash equivalents	l.	25,179	29,907
Total Cash and cash equivalents		25,179	29,907
Total Current assets		35,171	38,978
Total		38,724	42,886

Liabilities		2024	2023
Levy reserve	m.	5,000	5,000
Provisions	n.	607	1,461
<i>Current liabilities (up to 1 year)</i>			
Still due (repayable) to Ministry of Finance	o.	1,301	6
Operating balance to be settled	p.	1,426	6,394
Creditors		3,671	4,309
Tax and social security contributions		5,497	4,647
Other payables and accruals	q.	21,222	21,070
Total Current liabilities (up to 1 year)		33,117	36,426
Total Financial non-current assets		38,724	42,886

(Amounts in EUR x 1,000)

Cash flow statement

for the years ended 31 December

Statement of cash flows		2024	2023
Cash flow from operating activities			
Operating balance		-3,834	7,034
Adjustments for:			
Depreciation of property, plant and equipment	e, i.	957	1,341
Movement in provisions	n.	-853	-478
Total Operating balance		104	863
Increase (-/-) / decrease in working capital:			
Current receivables		-920	26,747
Current liabilities		525	-4,173
Total Increase (-/-) / decrease in working capital:		-396	22,574
Cash flow from operating activities		-4,126	30,470
Cash flow from investing activities			
Investments in property, plant and equipment	i.	-602	-590
Cash flow from investing activities		-602	-590
Net cash flow		-4,728	29,880
Closing balance 31 December	l.	25,179	29,907
Less: opening balance 1 January	l.	29,907	27
Movement in cash and cash equivalents		-4,728	29,880

(Amounts in EUR x 1,000)

There is a change in the 'current liabilities' that will not generate any cash flow in 2024. This concerns the surplus on fines and orders for incremental penalties of €1.3 million. This will be settled with the Dutch State in the next financial year and is classified in the balance sheet under 'still to be (re)paid to the Ministry of Finance'.

Notes to the financial statements

General

The Dutch Authority for the Financial Markets is a foundation having its registered office in Amsterdam and is registered at the Chamber of Commerce under the number 41207759.

As prescribed in Section 35 of the Non-Departmental Public Bodies Framework Act, the AFM's financial statements are as far as possible presented in accordance with Title 9 Book 2 of the Dutch Civil Code. Instances where the provisions of Title 9 Book 2 of the Dutch Civil Code are not followed are explicitly disclosed. The AFM's financial statements must additionally meet the requirements of the Financial Supervision (Funding) Act and the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act.

All figures in these financial statements are stated in thousands of euros, unless stated otherwise. The figures in the tables are rounded, which may result in rounding differences.

Capitalisation limit increased

Capitalisation limit for inventory, art and renovations

In principle, amounts below a certain amount are not capitalised. This amount was adjusted in 2024 from €2,500 to €5,000 per investment. In the previous financial year there were no investments in inventory, art and renovations below €5,000.

Estimate change

Change in estimate of depreciation period for renovations

In 2024, the lease term of the office building rented by the AFM was tacitly extended by five years until 31 December 2030. As a result, the depreciation term on the renovations has been recalibrated to the adjusted term of the lease contract. The table below sets out the effect of the change in estimate on the depreciation expenses for the years 2024 to 2030.

Financial year	2024	2025	2026-2030	Total (2024-2030)
Post change	293	324	1,325	1,942
Pre change	898	1,044	-	1,942
Variance	-605	-720	1,325	-

Accounting policies

Income and expenditure are allocated to the financial year to which they relate.

The AFM's costs are mainly covered by income from annual levies raised from the companies under its supervision. Its income also includes fixed sums linked to the processing of applications and registrations (non-recurring procedures) and government contributions for BES supervision. The AFM also has the power to impose administrative fines and orders for incremental penalty payments.

In cases where an objection, appeal or higher appeal against an imposed levy is upheld, the amount to be repaid is deducted from the income from levies.

In accordance with Section 8(2) of the Financial Supervision (Funding) Act, revenues from administrative fines and orders for incremental penalty payments are recognised as income as soon as the following two conditions are met: (a) they are declared irrevocable; and (b) the AFM has actually received the amounts imposed. Therefore, administrative fines and orders for incremental penalty payments are accounted for using the cash accounting system and in this respect the AFM deviates from the provisions of Title 9 Book 2 of the Dutch Civil Code.

Section 8 of the Financial Supervision (Funding) Act states that revenues from administrative fines and orders for incremental penalty payments in excess of a combined annual total of €4.5 million accrue to the State. Under Sections 8 and 8a of the Financial Supervision (Funding) Act, realised income up to €4.5 million can be added to the levy reserve or set off against the levy for ongoing supervision in the subsequent year.

See the note to item p. 'operating balance to be settled'. The levy reserve is capped at a total balance of €5 million.

All claims may be increased by the addition of statutory interest if the payment term has been exceeded.

The AFM levies are not subject to VAT.

The AFM is exempt from value-added tax for the performance of its statutory duties. The AFM is not automatically exempt from corporate income tax. The AFM conducted an analysis of its activities in 2024, which revealed that the vast majority of its activities were not subject to corporate income tax, as was the case in previous years. Based on this analysis, the AFM submitted a request to the Tax and Customs Administration to not submit a corporate income tax return form for the 2024 financial year. This request was honoured by the Tax and Customs Administration.

Accounting policies in the statement of financial position

Assets and liabilities are measured at nominal value, unless stated otherwise.

Property, plant and equipment

Property, plant and equipment is carried at cost of acquisition and is depreciated on a straight-line basis over its estimated economic life. The following depreciation periods are generally applied:

- five years for furniture and fixtures;
- three years for computer hardware and software (except laptops);
- four years for laptops;
- renovations: the remaining term of the lease.

Current assets

The measurement of the 'debtors' item takes account of the risk of bad debts.

The 'provision for risk of bad debts' item for levies is determined using the static method, with receivables older than 12 months being provided for in full. The percentage of levies for which no payment had been received within 12 months was unchanged in 2024 at 0.225%.

As reported under 'Accounting policies', revenues from administrative fines and orders for incremental penalty payments are recognised as income as soon as the following two conditions are met: (a) they are declared irrevocable; and (b) the AFM has actually received the amounts imposed. As a result, the imposed and irrevocable amounts are stated under 'provision for risk of bad debts' until the AFM has actually received the amounts.

Provisions

Provisions are measured at nominal value, with the exception of the provision for transitional arrangements for employees, which is measured at present value.

In accordance with RJ 271, the AFM forms provisions for transitional arrangements in relation to employment benefits.

Current liabilities (up to 1 year)

As reported under 'Accounting policies', revenues from administrative fines and orders for incremental penalty payments are recognised as income as soon as the following two conditions are met: (a) they are declared irrevocable; and (b) the AFM has actually received the amounts imposed. Amounts received for administrative fines and

orders for incremental penalty payments that have not yet been declared irrevocable are recognised under current liabilities. If the AFM is subsequently found to be in the wrong by the court and must repay all or part of the amounts already received, these amounts to be repaid will be increased by the addition of statutory interest.

Pension scheme

The AFM has placed its pension scheme with the pension provider 'De Nationale APF' (DNA). The accrued pension entitlements of the scheme members have been placed in a specific (and separate) AFM scheme.

The main features of the pension scheme and the administration agreement are as follows:

- A collective defined contribution (CDC) pension scheme.
- Pension accrual based on a conditional average pay system (target pension accrual) and pension entitlements are conditionally indexed if indexation can be funded from the investment returns and the contribution and indexation deposit in the AFM scheme.
- The AFM is charged an annual pension contribution equal to 25% of the uncapped payroll (defined pension contribution).
- DNA calculates a cost-effective pension contribution each year. The positive difference between the fixed pension contribution and the cost-effective pension contribution necessary to achieve the target pension accrual is paid into a contribution and indexation deposit in the AFM scheme. This is for both indexation and equalisation. If the cost-effective pension contribution is higher than the fixed pension contribution, the target pension accrual in the year in question is reduced so that the cost-effective pension contribution equals the fixed pension contribution.
- For active scheme members in service on 31 December 2015, a transitional measure applies whereby a single contribution is charged for the period from 2016 to the end of 2025 for the unconditional indexation of their pension entitlements.
- This unconditional indexation is limited to the annual wage index with a cap of 1.5%.

The following bases apply for the Pension Ruling provision:

- Life expectancy table: Actuarial Association (AA) 2022.
- The indexation principles for the AFM scheme with DNA.

Retirement age:

- The retirement age is 68.

Policies for the cash flow statement

The cash flow statement is prepared using the indirect method.

Notes to the statement of income and expenditure

(figures in € x 1,000, unless indicated otherwise)

General

The operating deficit in 2024 amounts to €3.8 million. This is caused by higher expenditure (€0.8 million) and lower income (-€3.0 million) than budgeted. The higher expenses are due to higher personnel expenses (+€0.3 million), lower depreciation expenses (-€0.1 million), higher other operating expenses (+€1.9 million) and lower net financial income and expenses (€1.2 million).

The total income is €3.0 million lower than budgeted due to a combination of lower income from levies (-€8.5 million), lower government contribution (-€0.2 million) and unbudgeted revenues from administrative fines and orders for incremental penalty payments (+€5.6 million).

a. Levies

The analysis of the income from levies is as follows:

To be levied in 2024	Realised 2024	A Budget 2024	B To be settled from 2023 in 2024	C Use of levy reserve 2024	D=A+B+C Total to be levied in 2024	Realised 2023
<i>Levies under Wbft</i>						
Levies for ongoing supervision Wbft	125,286	132,060	-6,394	-2,370	123,296	117,872
Levies for non-recurring procedures Wbft	6,566	8,256	-	-	8,256	7,059
Total Wbft	131,853	140,316	-6,394	-2,370	131,552	124,931
<i>Levies BES</i>						
Total BES	8	9	-	-	9	12
Total levies	131,861	140,325	-6,394	-2,370	131,561	124,943

For the majority of supervisory activities, the work is linked to ongoing supervision. The costs of this are covered by annual levies on all supervised entities within a specific supervisory category. The levy in any given year is based on three components: 1) the amount to be levied from the budget of that year (column A); 2) the amount to be settled from the previous year (column B); and 3) the possible use of the levy reserve (column C). Therefore, for a proper comparison, not only the budget is included but also the amount to be settled from 2023 and the use of the levy reserve. This results in a total amount to be levied for ongoing supervision in 2024 of €123.3 million.

In 2024, the AFM, with permission from the ministries, used €2.4 million from the levy reserve to cover the preparation costs for the supervision of MiCAR. In this way, the AFM is helping the entire financial sector to reduce the total supervisory costs for 2024.

The total amount to be levied is divided according to a legally established allocation formula across categories of companies subject to supervision. Within the supervisory category in question, the AFM divides the sum to be levied on the basis of a fixed amount per company and/or a variable charge based on a levy measure. This measure varies per supervisory category and is often related to the size of the individual company. Levy measures include variables such as total revenues, balance sheet total and average market capitalisation. These levy measures, as well as ranges and rates, are set by the Ministers annually (as referred to in Section 13(9) of the Financial Supervision (Funding) Act) and published annually in the Financial Supervision (Funding) Regulation.

Levy income of €125.3 million was realised in 2024. This is €2.0 million higher than the amount to be levied of €123.3 million.

Differences between the sums to be levied and actual receipts from supervisory categories normally arise from unforeseen changes in the number of supervised companies and the fact that the measures used to set the levy may differ from the values used to calculate the rates.

The €2.0 million increase in income for ongoing supervision is largely due to a combination of unforeseen changes in the applied population and in the measures used to determine the contribution to the costs of supervision per company.

In 2024, further optimisation of the levies process was initiated, as a result of which the majority of the 'continuous supervision levies 2024' were imposed within the financial year.

In cases where the AFM carries out one-off supervisory actions for supervised companies, separate sums are charged where possible. Examples of this include dealing with licence applications, registrations, exemptions, assessments of directors and reviews of public offerings or issue prospectuses. These levy rates are in principle cost-effective and are set by the Minister of Finance and the Minister of Social Affairs and Employment.

The income from non-recurring procedures in 2024 was €1.7 million lower than budgeted. This is partly due to the fact that many MiCAR licence applications were received later in the year than expected at the time the 2024 budget was drawn up, as a result of which the work and revenues have been partly postponed to 2025.

In 2024, the income from non-recurring procedures was €0.5 million lower than the actual figure in 2023.

b. Administrative fines and orders for incremental penalty payments

In accordance with Sections 8 and 8a of the Financial Supervision (Funding) Act, the income from administrative fines and orders for incremental penalty payments is divided as follows:

Fines and orders for incremental penalty payments	2024	Budget 2024	2023
Income to be added to levy reserve	2,370	-	1,935
Income from administrative fines and penalty payments to be settled with market participants	2,130	-	1,036
Income from fines and penalties accruing to the State	1,135	-	-
Total administrative fines and orders for incremental penalty payments	5,635	-	2,971

Section 11 of the Financial Supervision (Funding) Act states that income from administrative fines and orders for incremental penalty payments in excess of a combined annual total of €4.5 million accrues to the State. This income remained below this limit of €4.5 million in 2023, however. Under Sections 8 and 8a of the Financial Supervision (Funding) Act, realised income up to €4.5 million can be added to the levy reserve. Revenues from administrative fines and orders for incremental penalty payments are recognised as income as soon as the following two conditions are met: (a) they are declared irrevocable; and (b) the AFM has actually received the amounts imposed. Income realised from administrative fines and orders for incremental penalty payments amounted to €5.6 million in 2024. Of this realised income, €1.1 million belongs to the State, €2.4 million was allocated to the levy reserve so that it was funded to the maximum of €5.0 million at the end of 2024. The remaining income of €2.1 million will be offset against the levy for ongoing supervision in the following year. See item m. for the levy reserve and item p. for the operating balance to be settled.

c. Government contributions

The analysis of the government contributions is as follows:

Government contributions	2024	Budget 2024	2023
Total BES	455	621	608
Total government contributions	455	621	608

The government reimburses the costs of BES supervision (The Caribbean Netherlands, i.e. Bonaire, St. Eustatius and Saba) to the extent that these exceed the income from levies. The government contribution for BES supervision in 2023 is slightly lower than budgeted.

d. Employee expenses

The analysis of employee expenses is as follows:

Employee expenses	2024	Budget 2024	2023
Salary	70,199	70,617	62,601
Social insurance contributions	9,505	9,029	8,044
Pension costs*	13,016	13,786	10,743
Temporary personnel	8,035	6,803	5,214
Other employee expenses	4,997	5,220	4,669
Total employee expenses	105,752	105,455	91,271

* The pension costs concern the pension contribution paid to 'De Nationale APF' less the personal pension contributions from the AFM employees (net pension contribution) less the partial release of the 'Pension Ruling provision'. The policy funding ratio of 'De Nationale APF', AFM scheme, at 31 December 2024 is provisionally set at 119.8%. This is unchanged compared to 2023.

The employee expenses were €0.3 million above budget.

Salary, social insurance and pension costs are lower than budgeted due to a lower number of FTEs employed (-6 FTEs compared to budget). Despite this lower average staffing, the AFM grew by a net 76 FTE through successful recruitment during 2024, largely for the implementation of new supervisory tasks.

In addition, pension expenses are lower due to a combination of a lower allocation to the Pension Ruling provision and a higher indexation (indexed pension).

The expenses for temporary personnel were €1.2 million above budget. In the organisation as a whole, the AFM used more temporary staff than budgeted, mainly due to short-term replacement of open positions.

Other employee expenses were €0.2 million below budget. This is partly due to higher compensation for seconded employees. Employee expenses were €14.5 million higher than in 2023 due to higher salary, social insurance and pension costs (+€11.3 million), higher expenses for temporary personnel (+€2.8 million) and higher other employee expenses (+€0.3 million).

Salary, social insurance and pension costs were €11.3 million higher than in 2023, mainly due to the increase in the average number of FTEs in service from 674 in 2023 to 736 in 2024 (mainly for new supervisory tasks), together with an increase in the average wage cost per FTE.

The higher expenses for temporary personnel (+€2.8 million) compared to 2023 are mainly the result of more hiring for IT change projects and temporary replacement of open positions.

Other personnel expenses are €0.3 million higher, partly as a result of higher training costs and higher costs for recruitment and selection.

The table below gives a breakdown of the average number of FTEs into the various supervisory and other areas. The number of FTEs excluding temporary employees is six lower than budgeted. This mainly relates to the supervisory areas of Financial Services and Accountancy. There are a relatively large number of vacancies in these supervisory areas, partly

due to the expansion of supervision with the entry into force of the Future of Pensions Act and the intensification of supervision of audit firms. The average workforce in direct supervisory support and other departments is in line with the budget.

Average number of employees (in FTEs)	Including temporary personnel		Excluding temporary personnel			
	Actual 2024	Budget 2024	Actual 2023	Actual 2024	Budget 2024	Actual 2023
Financial services	200	216	180	199	212	179
Capital markets	92	85	84	91	85	83
Asset management	48	44	41	47	43	41
Accountancy	73	84	64	72	77	63
Sub-total Supervision	414	429	369	408	417	366
Direct supervision support	203	198	185	197	195	179
Other departments	157	156	146	131	130	129
Total average number of employees (in FTEs)	774	783	700	736	742	674

Remuneration of the Executive Board and Supervisory Board

As a non-departmental public body (NDPB), under the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act (WNT) the AFM is obliged to report the remuneration of its Executive Board members and certain other officials if applicable. In accordance with Section 4.2 of the Act, the AFM has chosen to omit accountability under the Dutch Civil Code.

The WNT remuneration cap for 2024 is €233,000.

The report reads as follows:

The Executive Board members Van Geest, Van Beusekom and Heuvelman receive a remuneration equal to the current WNT remuneration cap.

The senior officers mentioned in this report did not receive any payments in the form of bonuses or severance payments in either 2024 or 2023.

The proportional WNT remuneration cap is exceeded for internal business board member L.E. Sas due to the redemption of unused vacation days. This buyout took place in connection with the termination of her AFM employment and is in accordance with the WNT implementation regulations.

2024 Senior officers	Position	Days in Service	Scope of employment (in FTE)	Remuneration	Average pension costs and other remuneration payable over time	Total remuneration under WNT
L.B.J. van Geest	Chair	366	1	204,914	28,085	233,000
H.L. van Beusekom	Executive Board member	366	1	207,177	25,824	233,000
J.R. Heuvelman	Executive Board member	366	1	204,914	28,085	233,000
L.E. Sas (until October 1, 2024)	Executive Board member, Director of Operations	274	1	155,722	20,784	176,505
F.J.J.G. van den Hurk (from October 1, 2024)	Executive Board member, Director of Operations	92	1	45,755	7,261	53,017

2023 Senior officers	Position	Days in Service	Scope of employment (in FTE)	Remuneration	Average pension costs and other remuneration payable over time	Total remuneration under WNT
L.B.J. van Geest	Chair	365	1	197,370	25,630	223,000
H.L. van Beusekom	Executive Board member	365	1	199,381	23,619	223,000
J.R. Heuvelman	Executive Board member	365	1	197,370	25,630	223,000
L.E. Sas	Executive Board member, Director of Operations	365	1	187,658	25,342	213,000

Supervisory Board	2024	2023
S. Dekker (Chair from 1 July)	34,950	16,862
L.M. van der Goes (from June 1, 2023)	23,300	13,075
R.G.J. Langezaal	23,300	22,300
G. van Noort (from September 1, 2024)	7,767	-
D.W. Voetelink	23,300	22,300
W.M. van Dolen (until September 1, 2024)	15,533	22,300
M.J. van Rijn (Chair until 24 May)	-	13,105
W.E.M. de Jong (until 15 February)	-	2,749

The WNT states that the annual remuneration for the Chair of the Supervisory Board must not exceed 15% of the WNT remuneration cap. For the other members of the Supervisory Board, this percentage is set at 10%. These caps were not exceeded.

e. Depreciation and amortisation of non-current assets

Depreciation costs on property, plant and equipment	2024	Budget 2024	2023
Renovations	293	308	651
Furniture and fixtures	194	213	215
Computer equipment and software	470	572	475
Total depreciation costs on property, plant and equipment	957	1,093	1,341

The depreciation and amortisation costs on non-current assets were €0.1 million below budget. This is mainly due to lower depreciation and amortisation of computer hardware and software because investments are deferred to 2025.

f. Other operating expenses

Other operating expenses	2024	Budget 2024	2023
Premises costs	5,203	5,182	5,072
Consultancy expenses	5,027	4,169	2,477
IT expenses	21,336	20,419	17,858
General expenses	3,801	3,739	3,127
Total other operating expenses	35,367	33,509	28,533

Other operating expenses amounted to €35.3 million and were €1.9 million higher than budgeted. This excess is the result of higher IT expenses (+€0.9 million) and general expenses (+0.1 million) on the one hand and higher consultancy expenses (+€0.9 million) on the other. Premises costs were more or less in line with the budget.

The consultancy costs are €0.9 million higher than budgeted, partly due to higher legal costs and consultancy costs in the context of internal organisational developments (the 'Supervision with the Future' programme).

Other operating expenses are €6.8 million higher than in 2023. This increase is largely caused by IT costs (+€3.5 million) as a result of, among other things, price indexations, higher operating IT costs and higher costs for software licences, including due to growth in the number of employees. In addition, consultancy costs are higher (+€2.6 million) as a result of higher legal costs and as a result of specific other consultancy assignments.

Expenses of certifying auditor

The fees for the audit by the certifying auditor are included in the general expenses item.

The analysis of these fees by type is as follows:

Fees for the independent auditor	2024	Budget 2024	2023
Fees for audit of the financial statements	208	202	207
Total fees for the independent auditor	208	202	207

The fees for the certifying auditor include the estimated costs for the activities relating to the current reporting year.

g. Financial income and expenses

Financial income and expenses	2024	Budget 2024	2023
Interest expenses	27	920	381
Interest income	319	32	39
Total financial income and expenses	-292	889	342

The AFM uses a credit facility from the Ministry of Finance to meet its liquidity needs. In the context of efficiency, the AFM focused on process improvements in the levies process in 2024, which have successfully led to the faster sending of levies for ongoing supervision. This resulted in a better liquidity position during the year, resulting in a net financial benefit.

h. Costs of supervision

The table below summarises the total actual costs, the budgeted costs and costs in the previous financial year, divided in accordance with the statutory framework.

Costs of supervision	2024	Budget 2024	2023
Total Wbft	141,321	140,316	120,868
Total BES	463	630	620
Total costs of supervision	141,784	140,946	121,488

Under the Financial Supervision (Funding) Act, the costs of supervision on the BES Islands (Bonaire, St. Eustatius and Saba) pursuant to the BES Islands Financial Markets Act and the Money Laundering and Terrorism Financing (BES Islands) Act must be disclosed separately.

The difference between the budgeted and actual costs is explained in items d to g.

Notes to the statement of financial position

(amounts in € x 1,000, unless indicated otherwise)

i. Property, plant and equipment

The development of this item was as follows:

Property, plant and equipment	2024	2023
Balance at 1 January	3,221	3,971
Investments	602	590
Depreciation	-957	-1,341
Balance at 31 December	2,866	3,221
Cumulative acquisition value	35,816	35,214
Cumulative depreciation	-32,951	-31,994
Carrying amount at 31 December	2,866	3,221

The specification is as follows:

Specification	As at 31 December 2023	Investments	Depreciation	Balance at 31 December 2024
Renovations	1,576	374	-293	1,658
Furniture and fixtures	530	137	-194	472
Computer equipment and software	1,114	91	-470	735
Total property, plant and equipment	3,221	602	-957	2,866

The 'renovations' item concerns capitalised costs of architectural changes to the offices leased by the AFM. The 'computer equipment and software' item concerns capitalised costs of standard hardware and software.

j. Debtors

2024	< 43 days	43-75 days	> 75 days	Total
Debtor balances consisting of levies classified by age	3,001	281	1,686	4,968
Debtor balances consisting of administrative fines and orders for incremental penalty payments classified by age	20	1,600	764	2,384
Adjustmentfor balances of administrative fines and orders for incremental penalty payments based on cash system				-2,384
Provision for risk of bad debts				-547
Balance of debtors item at 31 December				4,421

2023	< 43 days	43-75 days	> 75 days	Total
Debtor balances consisting of levies classified by age	3,702	1,157	1,014	5,872
Debtor balances consisting of administrative fines and orders for incremental penalty payments classified by age	50	-	305	355
Adjustmentfor balances of administrative fines and orders for incremental penalty payments based on cash system				-355
Provision for risk of bad debts				-454
Balance of debtors item at 31 December				5,419

The above division for classification by age has been chosen because it reflects the collection process. Levies have a payment term of 42 days and are referred for collection if necessary when payments are not made.

The balance of debtors at year-end 2024 decreased by €1.0 million compared to the previous year because the levies for ongoing supervision were charged earlier in the year than in 2023.

Since €6.9 million more was levied in 2024 than in 2023, this means that, including the decrease of €1.0 million, the AFM collected €7.9 million more than last year.

The 'Correction on balances of fines and orders for incremental penalty charges based on cash system' is equal to the accounts receivable balance consisting of fines and orders for incremental penalty charges and this follows from the cash system methodology adopted for accounting for fines. See also the accounting principles on this.

k. Current receivables, prepayments and accrued income

Current receivables, prepayments and accrued income	2024	2023
Prepaid rent	254	226
Miscellaneous prepaid expenses	2,544	2,334
Levies yet to be invoiced and other items	2,309	449
Other prepayments and accrued income	463	643
Balance of current receivables, prepayments and accrued income at 31 December	5,571	3,653

The item 'miscellaneous prepaid expenses' of €2.5 million mostly concerns prepaid software licences, subscriptions and membership fees. The 'levies yet to be invoiced and other items' item in 2024 of €2.3 million consists of €2.1 million of levies yet to be imposed and €0.2 million of salary costs for seconded employees that have yet to be recharged. The 'levies yet to be imposed' item of €2.1 million includes €0.1 million of levies for ongoing supervision to be credited, €1.1 million of levies to be charged for ongoing supervision and €1.1 million of charges to be levied for specific actions. Most of the ongoing supervision levies yet to be invoiced and credited relate to changes in the population after the annual levy for ongoing supervision was sent out and are therefore a correction to the invoice sent in 2024. A limited number of invoices cause this balance.

l. Cash and cash equivalents

Cash and cash equivalents	2024	2023
Current account Rabobank	-	82
Current account Ministry of Finance	25,178	29,825
Cash at bank and at hand as at 31 December	25,179	29,907

m. Levy reserve

Levy reserve	2024	2023
Balance at 1 January	5,000	3,065
Release of provision	-2,370	-
From appropriation of operating balance	2,370	1,935
Balance at 31 December	5,000	5,000

With effect from the 2022 financial year, realised income from administrative fines and orders for incremental penalty payments up to €4.5 million can be added to the levy reserve under Sections 8 and 8a of the Financial Supervision (Funding) Act. Income realised from administrative fines and orders for incremental penalty payments amounted to €5.6 million in 2024. Of this, €2.4 million was allocated to the levy reserve.

This reserve was introduced in the Financial Markets (Amendment) Act 2022 and aims to cover incidental costs or any other costs that would lead to disproportionately high fees for certain institutions subject to supervision. The use of the levy reserve must be approved by both the Minister of Finance and the Minister of Social Affairs and Employment. In 2024, the AFM was given permission to withdraw €2.4 million from the levy reserve to cover the preparation costs for the supervision of MiCAR.

The Financial Markets (Amendment) Act 2022 includes a maximum amount for the levy reserve (Section 8a(1) of the Financial Supervision (Funding) Act). This is further detailed in the Financial Supervision (Funding) Decree in force from 2023, in which the maximum will be set at €5 million.

n. Provisions

Provisions	2024				2023
	< 1 year	1-5 year	> 5 year	Total	Total
Provision for transitional arrangements for employees	1	-	-	1	11
Provision for IT strategy	-	-	-	-	874
Provision for pension ruling	-	607	-	607	576
Balance of provisions at 31 December	1	607	-	607	1,461

The development of the provisions was as follows:

Provision for transitional arrangements for employees	2024	2023
Balance at 1 January	11	34
Release	-	-2
Paid out	-10	-21
Balance at 31 December	1	11

Provision for IT strategy	2024	2023
Balance at 1 January	874	524
Addition	-	515
Release	-314	-2
Paid out	-559	-163
Balance at 31 December	-	874

Provision for pension ruling	2024	2023
Balance at 1 January	576	1,382
Addition	95	-
Release	-47	-793
Paid out	-17	-12
Balance at 31 December	607	576

The 'Provision for transitional arrangements for employees' item concerns potential or actual claims for compensation for differences in employment benefits of personnel transferring to the AFM as part of a transfer of supervision and rights of employees under an agreed transitional arrangement that are still in force for a limited group of employees.

The AFM Executive Board adopted the implementation of the first phase of the new IT strategy, approved it and communicated it to the AFM employees in August 2018. The IT strategy comprised the engagement of an outsourcing partner, the transfer of the management of the AFM's IT applications and IT landscape to an outsourcing partner and the formation of a new governance organisation within the AFM.

The 'provision for IT strategy' was formed because of the actual obligation that existed as a result of the IT strategy formulated in 2018 and concerns the non-recurring costs related to the realisation of this strategy. A further elaboration of this IT strategy concerns the strengthening of the IT governance organisation. A reorganisation of the IT governance organisation was completed in 2024. As a result, €0.3 million was released from the provision.

The 'Pension Ruling provision' was formed for current legal proceedings relating to a difference of opinion regarding the application of the AFM pension scheme on 1 January 2016 and includes the costs of external legal assistance.

The AFM pension scheme was amended on 1 January 2016, with the aim of migrating to a more affordable pension scheme more in line with the usual market practice. Ultimately, some scheme members initiated legal proceedings against this change, as they felt they would be disproportionately disadvantaged by the change. The AFM's arguments were fully upheld by the sub-district court, after which the scheme members concerned lodged an appeal, which found partly against the AFM. The AFM Executive Board decided to appeal the ruling to the Dutch Supreme Court.

The Supreme Court ruled on 21 April 2023. Part of the ruling concerns unconditional indexation of pensions and the Supreme Court finds that the Pensions Act leaves room for an employer to change the agreements with its employees concerning unconditional indexation of their pension entitlements. The Supreme Court referred the substance of the case to another court (the referral court) for final disposal. The referral court is expected to issue a ruling in 2025. A consequence of the Supreme Court's ruling is that legally enforceable third-party effects no longer apply. The provision therefore only relates to the expenses relating to the settlement of the referral procedure with regard to the few participants who originally initiated the legal proceedings. As a result, €0.05 million of the provision has been released.

o. Financial relationship between the AFM and the Ministry of Finance

This is as follows:

Current		2024	2023
Current account Ministry of Finance	See item l. Cash and cash equivalents	25,178	29,825
Rental guarantee account		688	688
Still due (repayable) to Ministry of Finance		-1,301	-6
Total		24,565	30,506

The Ministry of Finance current account concerns a current account relationship with an overdraft facility agreed with the Ministry of Finance. The overdraft facility had a limit of €80.0 million at 31 December 2024. No charge is levied for the unused part of the facility.

The rental guarantee account was provided by the Ministry of Finance in 2018 and covers an ongoing guarantee provided for the lessor of the AFM's office premises. The guarantee amounts to €0.7 million and remains in force from 1 January 2018 to 31 March 2026 (three months after the maturity date of the lease extended on 1 January 2018). This account is recognised under 'Financial non-current assets'.

The 'Still due (repayable) to Ministry of Finance' item relates to the government contribution for BES supervision (Caribbean Netherlands) to be repaid of €0.2 million and the surplus on fines and penalties amounting to €1.1 million. This item is presented under current liabilities.

p. Operating result to be settled

	2024	Budget 2024	2023
Operating result under Wbft to be settled with the market from previous year (A)	6,394	-	1,295
Levies for ongoing supervision (regular)	125,286	132,060	118,643
Levies for ongoing supervision (adjustments due to incorrect/incomplete levies in the past)	-	-	-771
Levies for non-recurring activities	6,566	8,256	7,059
Income from administrative fines and penalty payments	5,635	-	2,971
Total income under Wbft	137,487	140,316	127,902
Total expenses under Wbft	141,321	140,316	120,868
Operating result under Wbft in current year (B)	-3,834	-	7,034
Release from levy reserve (C1)	-2,370	-	-
Addition to levy reserve (C2)	2,370	-	1,935
Surplus fine and omncremental charges payable to the Dutch authorities	1,135	-	-
Operating result under Wbft to be settled in following year (=A+B-C)	1,426	-	6,394

The settlement of 'Operating result under Wbft to be settled in the following year' of €1.4 million will be settled with the market. A positive amount to be settled means that market participants have a claim on the AFM. This amount is the balance of:

1. an amount to be settled from 2023 (+€6.4 million);
2. lower-than-budgeted income from levies for ongoing supervision (-€6.8 million);
3. lower-than-budgeted costs (-€1.7 million);
4. unbudgeted revenues from administrative fines and orders for incremental penalty payments to be settled with the market (+€5.6 million);
5. higher-than-budgeted expenses (-€0.1 million);
6. surplus fines and incremental penalties to be paid to the State (-€1.1 million).

The income for ongoing supervision was in total €6.8 million lower than the amount to be levied for 2024. This consists of +€6.4 million to be settled from 2023 and -€0.4 million lower-than-budgeted income from ongoing supervision in 2024. See also the note to point a. 'levies'.

Realised benefits from fines and incremental penalty payments exceeding €4.5 million accrue to the State under Section 11 of the Wbft 2019. In 2024, the realised benefits amounted to €5.6 million, which is €1.1 million above this limit. See explanation under b. 'fines and orders subject to penalty'. This means that €1.1 million must be paid to the state.

The addition to the levy reserve of €2.4 million from the realised income from fines and orders for incremental penalty charges for 2024 is equal to the withdrawal for 2024. The levy reserve will therefore be filled again at the end of 2024 to the maximum of €5.0 million. See explanation under m. 'levy reserve'.

Operating result BES	2024	Budget 2024	2023
Levies	8	9	12
Government contribution BES	455	621	608
Total income	463	630	620
Total expenses BES	463	630	620
Operating balance BES	-	-	-

The government pays the costs of BES supervision (Caribbean Netherlands) to the extent that the levy income is not sufficient. The operating difference is therefore nil.

Appropriation of the operating result

The amount to be settled in 2025 in respect of 2024 of €1.4 million will be fully included in the calculation of the amount to be charged to the market for 2025 in accordance with Section 8(3) of the Financial Supervision (Funding) Act. In addition, pursuant to Section 8a of the Financial Supervision (Funding) Act, €2.4 million from the income from administrative fines and orders for incremental penalty payments was added to the levy reserve. An amount of €1.1 million from the income from administrative fines and orders for incremental penalty payments will be for the benefit of the State in accordance with Section 11 of the Financial Supervision (Funding) Act.

q. Other payables and accruals

Balance of other payables and accruals	2024	2023
Unused vacation days and overtime	3,769	3,841
Liabilities related to pensions	16	17
Amounts received in advance	13,900	14,500
Other expenses payable	3,538	2,711
Balance of other payables and accruals at 31 December	21,222	21,070

The 'unused vacation days and overtime' item decreased by €0.1 million.

The 'Amounts received in advance' item of €13.9 million consists of receipts from fines imposed that were not yet irrevocable at the end of 2024. Compared to the previous year, this decreased by €0.6 million following a decision on an objection by the AFM. In February 2025, it became clear that a large part of this item, namely €11.4 million, had become irrevocable, meaning that this amount will be recognised in turnover in 2025.

The 'Other charges to be paid' mainly consist of invoices yet to be received for goods and services. These have increased by €0.8 million. Furthermore, the increase can be explained by transition payments still to be paid, which have increased by €0.3 million.

Off-balance-sheet commitments

Multi-year financial obligations

The liabilities can be analysed as follows:

Liabilities not recognised in the statement of financial position	< 1 year	1-5 year	> 5 year	Total
Leases	3,331	15,852	3,963	23,146
Office equipment	27	1	-	28
Other lease contracts	38	82	-	120
Total liabilities not recognised in the statement of financial position	3,397	15,935	3,963	23,295

A guarantee of €0.7 million was issued to the lessor of the office premises of the AFM on 1 January 2018 in relation to the extended lease that commenced on that date. The guarantee was provided by the Ministry of Finance.

Unrecognised liabilities

Claims for liability

The Supreme Court overturned in cassation the ruling of the Amsterdam Court of Appeal on the unilateral adjustment of the AFM pension scheme on 1 January 2016 and referred the case to the Court of Appeal in The Hague for further settlement.

The AFM pension scheme was amended on 1 January 2016, with the aim of migrating to a more affordable pension scheme more in line with the usual market practice. Ultimately, some scheme members initiated legal proceedings against this change, as they felt they would be disproportionately disadvantaged.

The AFM's arguments were fully upheld by the sub-district court, after which the employees concerned lodged an appeal, which ruled partly against the AFM. On 4 November 2020, the Amsterdam Court of Appeal ruled that the AFM had a compelling interest in unilaterally amending the pension scheme and the related pension agreement, but that some amendments conflicted with the prohibition of impairment applying to accrued entitlements under Section 20 of the Pensions Act. The AFM filed an appeal in cassation against this ruling with the Supreme Court, which handed down its ruling on 21 April 2023. The Supreme Court's ruling found in favour of the AFM with regard to the amendment of the administration agreement. The ruling of the Amsterdam Court of Appeal was overturned by the Supreme Court and the case was referred to the Court of Appeal in The Hague for further settlement. This court will assess to what extent the AFM had a compelling interest in unilaterally amending the pension agreement with the employees concerned.

Related parties

Ministry of Finance

The AFM is a non-departmental public body. The Minister of Finance has the following powers with respect to the AFM by law and under its articles of association:

- The right of approval with respect to the established or amended profile description formulated by the Supervisory Board for members of the AFM's Executive Board;
- Appointment of members of the AFM's Executive Board by Royal Decree;
- The power to suspend members of the AFM's Executive Board and to dismiss members of the AFM's Executive Board by Royal Decree if they no longer meet the requirements for the exercise of their duties or have seriously failed to perform their duties;
- The right of approval of the remuneration for members of the AFM's Executive Board established by the Supervisory Board;
- The right of approval of a proposal to amend the expenses and facilities arrangements for the Supervisory Board;
- The right of approval of a proposal to amend the expenses and facilities arrangements for the Executive Board to the Minister of Finance (in accordance with Section 1:26(5) of the Financial Supervision Act);
- Right of approval with regard to the use of the levy reserve (in accordance with Section 8a(4) of the Financial Supervision (Funding) Act 2019);
- Receipt of all relevant information that the Minister of Finance needs to exercise his powers vis-à-vis the Dutch Authority for the Financial Markets. This information will be supplied in a timely manner by both the AFM Executive Board and Supervisory Board;
- The Chair and the members of the Supervisory Board are appointed by the Minister of Finance and a member of the Supervisory Board may be suspended or dismissed by the Minister in the event of unsuitability or incompetence in their position. The Supervisory Board is also tasked with formulating a profile description for the Supervisory Board. The establishment or amendment of this profile description is subject to approval by the Minister of Finance. Voluntary dismissal of a Supervisory Board member is effected by the Minister of Finance;
- Setting the remuneration of the members of the Supervisory Board, taking account of the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act;

- Attending the advisory panel of the AFM;
- Approval of the AFM's budget and the AFM's annual financial statements;
- Determining the appropriation of a positive balance on liquidation if the Executive Board of the AFM resolves to dissolve the Dutch Authority for the Financial Markets;
- The right to inspect the audit procedures conducted by the certifying auditor of the AFM;
- The right of approval regarding proposed amendments to the articles of association of the AFM.

For further details of the transactions with the Ministry of Finance, see the following items in the financial statements:

- Section b. Administrative fines and orders for incremental penalty payments, Administrative fines and orders for incremental penalty payments due to the State;
- Section c. Government grants, total BES;
- Section n. Financial relationship between the AFM and the Ministry of Finance.

The transactions with the Ministry of Finance were effected on a commercial basis.

Ministry of Social Affairs and Employment

The Minister of Social Affairs and Employment has the following powers with respect to the AFM by law and under its articles of association:

- Approval of the AFM's budget and the AFM's annual financial statements with respect to elements relevant to the Ministry of Social Affairs and Employment and receipt of the AFM annual report;
- Right of approval with regard to the use of the levy reserve (in accordance with Section 8a(4) of the Financial Supervision (Funding) Act 2019);
- Attending the advisory panel of the AFM;
- The right to inspect the audit procedures conducted by the certifying auditor of the AFM.

No material transactions took place between the Ministry of Social Affairs and Employment and the AFM.

Actual amounts for 2024, budget for 2024 and 2025

The table below gives an overview of the budgeted and actual amounts for 2024 and the income and expenses budgeted for 2025.

	2024	Budget 2024	Budget 2025
Income			
Levies	131,861	140,325	165,265
Administrative fines	5,534	-	-
Orders for incremental penalty payments	101	-	-
Government contributions	455	621	636
Total income	137,950	140,946	165,901
Expenditure			
Employee expenses	105,752	105,455	122,147
Depreciation costs on non-current assets	957	1,093	945
Other operating expenses	35,367	33,509	42,558
Total expenses	142,076	140,057	165,651
Financial income and expenses	-292	889	250
Total expenditure	141,784	140,946	165,901
Operating result	-3,834	-	-

(Amounts in EUR x 1,000)

The 2025 budget is available on the AFM website (www.afm.nl) in the 'Agenda.2025'.

The total sum to be levied by the AFM in 2025 is €163.8 million. This is the balance of the estimated levies in 2025 of €165.3 million less the operating balance in 2024 of €1.4 million to be settled with the market (see proposal for appropriation of the sum to be settled in 'Other information').

Amsterdam, 14 March 2025

Executive Board

L.B.J. van Geest, voorzitter
H.L. van Beusekom
J.R. Heuvelman

Supervisory Board

S. Dekker, voorzitter
L.M. van der Goes
R.G.J. Langezaal
G. van Noort
D.W. Voetelink

Independent auditor's report

To: The Supervisory Board of the Dutch Authority for the Financial Markets

A. Report on the 2024 financial statements included in the annual report

Our opinion

We have audited the 2024 financial statements (hereinafter 'the financial statements') of Stichting Autoriteit Financiële Markten (hereinafter 'the foundation' or 'the AFM') in Amsterdam.

In our opinion, the financial statements included in this annual report give a true and fair picture of the financial position of AFM as at 31 December 2024 and of its result for 2024, as far as possible with analogous application of Title 9 Book 2 of the Dutch Civil Code (BW), the Financial Supervision (Funding) Act (*Wet bekostiging financieel toezicht*, Wbft), the Non-Departmental Public Bodies Framework Act (*Kaderwet zelfstandige bestuursorganen*, Kzbo), Section 1.2 of the Financial Supervision Act (*Wet op het financieel toezicht*, Wft), the BES Islands Financial Markets Act (*Wet financiële markten BES*) and the provisions of and pursuant to the Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration) Act (*Wet normering bezoldiging topfunctionarissen publieke en semipublieke sector*, WNT).

The financial statements comprise:

1. the statement of financial position as at 31 December 2024;
2. the statement of income and expenditure for 2024;
3. the statement of cash flows for 2024; and
4. the notes, comprising a summary of the accounting policies and other explanatory information.

Furthermore, we are of the opinion that the 'Report on lawfulness of financial management' included in the annual report gives a true and fair view of the lawful collection and spending of funds by the AFM.

Basis for our opinion

We performed our audit in accordance with Dutch law, which includes the Dutch Accounting Standards, the Audit Protocol on Financial Reporting for the AFM (*Controleprotocol financiële verantwoording AFM*), and the WNT Audit Protocol Regulation 2024 (*Regeling Controleprotocol WNT 2024*). Our responsibilities on the basis of the above legislation and regulations are described in more detail in the section entitled 'Our responsibilities for the audit of the financial statements'.

We are independent of the AFM as required in the Regulation on the Independence of Auditors in Assurance Engagements (*Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten*, ViO) and other independence regulations relevant to the engagement in the Netherlands. Furthermore, we have complied with the Code of Conduct and Professional Practice for Accountants Regulation (*Verordening gedrags- en beroepsregels accountants*, VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Based on our professional opinion, we determined the materiality for the financial statements as a whole at €2,835,680. Materiality is defined as 2% of the total expenses as stated in the Audit Protocol on Financial Reporting for the AFM. With regard to the audit of the WNT information included in the financial statements, we applied the materiality provisions as laid down in the 2024 WNT Audit Protocol Regulation.

We also took account of misstatements and/or potential misstatements that in our opinion could be material for users of the financial statements on qualitative grounds.

We agreed with the Supervisory Board that we would report misstatements involving amounts in excess of €242,976 identified during our audit to the Council as well as smaller misstatements that in our opinion were relevant for qualitative reasons.

Information on our audit approach to fraud risks and the resulting findings

We determined our audit procedures with regard to fraud risks in the context of the audit of the financial statements as a whole and in order to form our opinion thereon. The following information should be viewed in this context and not as separate opinions or conclusions.

The primary responsibility for the prevention and detection of fraud lies with the AFM. As part of our audit, we identify and estimate the risks of a material misstatement in the financial statements due to fraud. We define fraud as an intentional act on the part of one or more members of the management, persons charged with governance, employees or third parties, involving the use of deception to obtain an unlawful or illegal advantage. Fraud risks may involve actions by employees of the AFM, actions by third parties (abuse of legislation and regulation) or a combination of both. Fraud may arise as a result of fraudulent financial reporting or the misappropriation of assets (including through the abuse of legislation and regulations by third parties).

During our audit, we obtained insight into the AFM and its environment, the components of its system of internal controls, including the risk assessment process and the manner in which the management responds to fraud risks and monitors the system of internal controls and the findings thereof. Our impression with regard to the control of the risks of fraud and the related developments correspond to the AFM's own reporting on this. The AFM devotes attention to fraud risk factors and is in the process of implementing a broad fraud risk analysis.

We assessed the design and existence of the internal controls designed to mitigate fraud risk and, where we considered this necessary, tested the operating effectiveness of these controls. We evaluated whether these factors were indicative of the existence of a risk of material misstatements due to fraud. The fraud risks we identified, the key specific audit procedures we performed in connection with these identified risks and the findings from these procedures can be summarised as follows:

- There is a risk of override of the internal control measures by the management. We performed the following procedures:
 - We assessed the design, existence and operating effectiveness of the internal control organisation for the critical process;
 - We performed substantive procedures in relation to virtually all the items in the statement of financial position, in particular those items requiring judgement;
 - We checked that a declaration of performance was available for the purchase invoices;
 - We audited the general journal entries in detail;
 - We took note of the minutes of management's meetings;
 - We made enquiries with the Executive Board and the Chief Security Officer regarding potential signs or instances of fraud;
 - We requested the Executive Board to provide confirmation with regard to the financial statements. We received this confirmation.

The above procedures did not lead to any findings.

- Risks associated with the recognition of the most important income stream, namely the levies. In addition to the procedures described above, we performed the following procedures:
 - We assessed the design, existence and, where possible, operating effectiveness of the processes;
 - We performed several types of substantive procedures to establish the correctness and completeness of all items belonging to the levies.

The above procedures did not lead to any findings required follow-up with respect to the aforementioned risk of fraud. Our procedures did not reveal any signs of fraud that could lead to a material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the audit committee. However, the key audit matters are not a comprehensive reflection of all matters discussed.

We have designed our audit procedures in relation to these key audit matters in the context of the audit of the financial statements as a whole. Our findings with regard to the individual key audit matters should be viewed in this context, and not as separate opinions regarding these key audit matters.

Levies

Income from levies is by far the largest category of income for the AFM. Levies consist firstly of annual levies imposed on the institutions subject to supervision (for ongoing supervision) and secondly of fixed amounts linked to the processing of applications and registrations (non-recurring activities). In previous years, the AFM found administrative deficiencies in the AFM registration for ongoing supervision levies with respect to a limited number of supervised institutions. The resulting additional levies were financially settled in

2023. No new issues arose in audit year 2024. The item levies yet to be invoiced relates largely to positions estimated by the AFM. We checked the accuracy and completeness of the levies on an ongoing basis using the data available from the AFM.

Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act (WNT))

As a non-departmental public body, the AFM is subject to the WNT. We have audited the section entitled 'Remuneration of the Executive Board and Supervisory Board'. We also established whether the disclosure meets the requirements as stated in the WNT. We performed our procedures in accordance with the procedures stated in the 2024 WNT Audit Protocol Regulation.

Compliance with non-cumulation provision in WNT not audited

In accordance with the WNT Audit Protocol Regulation 2024, we have not audited the non-cumulation provision in Section 1.6a of the WNT and Section 5(1)(n) and (o) of the WNT Implementing Regulation (*Uitvoeringsregeling WNT*). This means that we have not audited whether or not the remuneration of a senior executive may have exceeded the standard as a result of possible employment as a senior executive at other institutions subject to the WNT, or whether the required disclosure in this respect is correct and complete.

Appointment

We were appointed by the Supervisory Board as the auditor of Stichting AFM on 2 July 2013 with effect from the audit for the 2013 financial year, and we have been the external auditor since that date. We annually confirm the agreements made and terms applying in relation to the audit of the financial statements.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information, consisting of the report of the Executive Board, the report of the Supervisory Board, and the 'Other information' section.

Based on the following procedures, we are of the opinion that the other information:

- is consistent with the financial statements and is free of material misstatements;
- contains all the information required under Title 9 Book 2 BW for the management report and the other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we have complied with the requirements in Title 9, Book 2 BW and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the report of the Executive Board and the other information in accordance with Title 9 Book 2 BW.

C. Description of responsibilities in relation to the financial statements

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and the true and fair presentation of the financial statements, as far as possible with analogous application of Title 9 Book 2 of the Dutch Civil Code (BW),

the Financial Supervision (Funding) Act), the Non-Departmental Public Bodies Framework Act, Section 1.2 of the Financial Supervision Act, the BES Islands Financial Markets Act, and the provisions of and pursuant to the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act (WNT). The Executive Board is also responsible for rendering accountability with respect to the lawfulness of the collection and spending of funds, as set out in the Audit Protocol on Financial Reporting for the AFM. In this context, the Executive Board is also responsible for such internal control as the Executive Board determines is necessary to enable the preparation of financial statements that are free from material misstatement due to fraud or error.

When preparing the financial statements, the Executive Board must consider whether the foundation is in a position to continue its activities as a going concern. Based on the aforementioned reporting standards, the Executive Board must prepare the financial statements on the basis of the going concern assumption unless the Executive Board intends to dissolve the foundation. The Executive Board must disclose events and circumstances that could reasonably cast doubt on the foundation's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for the supervision of the foundation's financial reporting process.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform our audit engagement so as to obtain sufficient and appropriate audit evidence for the opinion that we are to issue.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be

expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is given in the appendix to our auditor's opinion.

The Hague, 14 March 2025

The National Audit Service (*Auditdienst Rijk*)
J.P. Looman RA CIA

Disclaimer

The auditor's report of the Audit Service of the Dutch Government (Auditdienst Rijk (ADR)) has been prepared based on the Dutch version of the annual report. This has subsequently been translated. The auditor's report has not been separately prepared for the English version.

Appendix to the audit report

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included:

- identifying and estimating the risks that the financial statements might contain material misstatements due to errors or fraud, determining and conducting audit procedures in response to such risks and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failure to detect a material misstatement is greater in the case of fraud than in the case of errors. Fraud may involve collusion, forgery, intentional failure to record transactions, wilful misrepresentation or breaches of internal control;
 - obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. But not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
 - evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Board and the related disclosures in the financial statements;
 - ascertaining that the going concern assumption applied by the board is acceptable. Also, based on the audit evidence obtained, establishing whether there are events and circumstances that could reasonably cast doubt on the entity's ability to continue its activities as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the relevant related disclosures in the financial statements. If such disclosures are inadequate, we are required to amend our report. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or circumstances may cause an entity to cease to continue as a going concern;
 - evaluating the overall presentation, structure and content of the financial statements, including the disclosures therein; and
 - evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the Supervisory Board regarding such matters

as the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. We confirm to the Supervisory Board that we have complied with the relevant ethical rules on independence. We also communicate with the Board about all relationships and other matters that could reasonably affect our independence and about the related measures to safeguard our independence. We determine the key matters of our audit of the financial statements on the basis of all the matters we have discussed with the Supervisory Board. We describe these key audit matters in our audit report unless this is prohibited by legislation or regulations or, in extraordinarily rare circumstances, not communicating the matter is in the public interest.

Appendix: External KPI's 2024

No.	Objectives	Priorities	KPI's	Score	Explanatory notes
1	Digitalisation	The AFM manages the effects of digitalisation in the market by increasingly using data and technology to supervise technology.	1.1 The supervision of DORA will be prepared and the supervision on (digital) business operations of institutions reinforced.	●	In 2024, preparations for DORA supervision were made by: • Providing extensive information via the AFM website. • Organizing information sessions with industry associations. • Contributing to ESMA on RTS and Q&A to better align with the Dutch context. • Conducting a pilot with Platforms and Proprietary Traders. • Launching a portal for incident reporting. • Providing training for our own employees.

No.	Objectives	Priorities	KPI's	Score	Explanatory notes
1	Digi- talisation	The AFM manages the effects of digitalisation in the market by increasingly using data and technology to supervise technology.	1.2 Data-driven supervision provides tangible supervision results.	●	There are various data-driven supervisory results: • In 2024, the AFM published the Sector Overview of Pensions for the fourth time. This report provides insights into the Dutch pension landscape and supports risk-based supervision, based on data from 180 pension funds, and is shared annually with the sector. • Market participants were informed about the application of SREP data, helping institutions determine which supervisory areas require further development. • The EMIR Refit was successfully implemented. An investigation into EMIR reporting compliance led to actions at 11 major institutions. • AI tools are now used in prospectus assessments, enhancing risk-based supervision. • New dashboards for interest rate derivatives and trading platforms, providing oversight and support asset management supervision. • A real-time market monitoring system strengthened market abuse oversight, leading to 12 discussions with market participants. • A new dataset improved risk assessments for audit firms with an OOB licence, including benchmarking of quality aspects. • The Sector in Focus report analyzes trends using data-driven insights and offers valuable perspectives.

No.	Objectives	Priorities	KPI's	Score	Explanatory notes
1	Digi- talisation	The AFM manages the effects of digitalisation in the market by increasingly using data and technology to supervise technology.	1.3 Preparation of the AI Regulation will be completed.	●	- The AFM contributed to joint supervisory recommendations on AI mandates, coordinated by the Dutch Data Protection Authority and the Digital Infrastructure Authority. These recommendations are considered with the lawmakers in The Hague for the allocation of tasks and powers. - Nationally and internationally, we help clarify interpretation and scope issues by participating in international working groups (e.g., EBA and EIOPA) and co-hosting roundtables with DNB for Dutch market participants. - An inventory of AI applications in the market has been conducted, and we are working with DNB on the future framework for AI supervision.
2	Internatio- nalisation	The AFM is influential internationally by actively contributing to EU regulations and actively improving EU supervision.	2.1 The AFM will do the preparations towards the supervision of cryptos and generate support in the EU context for effectively countering illegality and solving cross-border issues.	●	- The AFM has established a central team overseeing MiCAR supervision, which will consist of 16 FTE by the end of 2024. - Expertise on MiCAR and crypto services has been developed through explorations, including research on Pump & Dump schemes and advertising practices. - Seminars and webinars were organized to help the market prepare. - In April, the AFM began accepting licence applications, with the first licenses granted by December. - The AFM advised the Ministry of Finance on implementation legislation and parliamentary questions. - Discussions were held with European regulators, and the AFM participated in ESMA working groups and meetings on regulations and guidelines. - By the end of 2024, the AFM informed relevant parties about their licensing obligations under MiCAR.

No.	Objectives	Priorities	KPI's	Score	Explanatory notes
2	Internationalisation	The AFM is influential internationally by actively contributing to EU regulations and actively improving EU supervision.	2.2 We will demonstrate within the EU that working risk-based and data-driven effectively ensures results in supervision.	●	- Together with ESMA, the AFM worked on developing a data-driven, risk-based, and outcome-focused supervisory approach. By the end of 2024, Jos Heuvelman was re-elected as Chair of ESMA's Senior Supervisory Forum for another two years. - The AFM actively participated in ESMA working groups and contributed to the revision of a framework for European risk-based convergence tools and principles. Best practices on data-driven and risk-based supervision were also shared during bilateral visits with Poland, France, and Italy. - In June, the AFM organized a seminar on risk-based supervision for approximately 100 European supervisors.
3	Sustainability	The AFM has a comprehensive strategy for supervising sustainability by enforcing appropriate information and advice on sustainability factors in investments, overseeing reliable ESG reporting, and preparing for CSRD compliance supervision.	3.1 We will develop an integrated supervisory strategy for the supervision of sustainability.	●	The AFM has developed a comprehensive sustainability strategy for 2024-2028. The goal is to enable financial firms and consumers to consider sustainability risks and impacts in their decisions through transparency supervision and consumer protection in financial products and services. The strategy outlines the approach, depth, and scope of supervision, along with the required data and expertise. It also ensures consistency in intervention methods, aligned with AFM's enforcement policy. Each department has formulated a plan to implement this strategy, with annual focus areas addressing either compliance with existing regulations or explorations of future regulations.

No.	Objectives	Priorities	KPI's	Score	Explanatory notes
3	Sustain-ability	The AFM has a comprehensive strategy for supervising sustainability by enforcing appropriate information and advice on sustainability factors in investments, overseeing reliable ESG reporting, and preparing for CSRD compliance supervision.	3.2 Connectivity between financial and non-financial data (ESG) will become the standard.	●	In financial reporting supervision, the assessment focused on the consistency between financial statements and the management report, including sustainability reporting.
3	Sustain-ability	The AFM has a comprehensive strategy for supervising sustainability by enforcing appropriate information and advice on sustainability factors in investments, overseeing reliable ESG reporting, and preparing for CSRD compliance supervision.	3.3 The CSRD sustainability implementation will be prepared for 2025.	●	The AFM has focused heavily on CSRD sustainability implementation: • Expanded knowledge and capacity through training, case studies, and additional hires. • Conducted research on net-zero claims and double materiality assessments of issuers. • Organized webinars and actively participated in various CSRD events. • Developed an internal supervision strategy for CSRD. • Analyzed all 2024 press releases for ESG-related statements.
4	Highlights in super-vision	The AFM effectively implements supervisory priorities by initiating oversight of the pension transition and combating manipulative trading behavior.	4.1 The AFM supervision of the pension transition will get off to a successful start.	●	In 2024, the AFM effectively supervised communication plans of pension funds, insurers, and PPIs: • Provided guidance on communication for complex financial decisions like indexation and bridging plans, leading to a sector-wide report. • Conducted research on engagement letters and risk preference assessments, publishing sector-wide findings. • Integrated Pension Act standards into the new 2024 information provision policy rule. • Successfully organized the Pension Event 2024, with a follow-up planned for 2025. • Issued guidance on scenario amounts, including targeted explanations for high outcomes.

No.	Objectives	Priorities	KPI's	Score	Explanatory notes
4	Highlights in supervision	The AFM effectively implements supervisory priorities by initiating oversight of the pension transition and combating manipulative trading behavior.	4.2 The renewed supervision of financial services will be implemented successfully.	●	After disappointing results in 2023 regarding sound and ethical business practices among financial service providers, the AFM standardized its research methodology in 2024. This ensures a continued focus from 2025 on key requirements for a future-proof sector. Additionally, the AFM conducted thematic studies on risks, trends, and supervisory priorities. There was also increased communication with the sector, on-site office visits, and the publication of "Sector in Focus". These efforts mark the first phase of the renewed supervision strategy, which will be further developed and implemented in 2025-2028, incorporating structured data use, advanced applications, and expertise
4	Highlights in supervision	The AFM effectively implements supervisory priorities by initiating oversight of the pension transition and combating manipulative trading behavior.	4.3 The AFM combats manipulative trading regarding equity, bonds and commodities.	●	Each month, dozens of alerts are detected and analyzed, leading to multiple concrete cases. Received STORs are enriched with trading data for deeper insights. In 2024, the AFM received 662 reports of suspected market abuse and launched 20 new investigations into market abuse and reporting compliance. This resulted in 13 (in)formal measures, including one administrative fine.
5	Professional organisation	The AFM is a professional, vital and agile organisation with strong capacity for learning, an effective IT infrastructure and sufficient budget.	5.1 The IT strategy is a success thanks to predictable IT implementations, such as the completion of the cloud migrations, the support of new mandates and the update of 'MijnAFM'.	●	In 2024, the AFM migrated its CRM application to the cloud, marking a key step toward a fully cloud-based environment. Significant progress was made in security enhancements and infrastructure upgrades. The AFM also achieved IT milestones in preparing for and implementing of new regulatory tasks like DORA and MiCAR. In 2025, further cloud migration will continue, and development will begin on a new AFM Portal (MijnAFM environment)

No.	Objectives	Priorities	KPI's	Score	Explanatory notes
5	Professional organisation	The AFM is a professional, vital and agile organisation with strong capacity for learning, an effective IT infrastructure and sufficient budget.	5.2 The AFM participates in the creation of an appropriate cost framework, in cooperation with the Ministry of Finance and the Ministry of Social Affairs and Employment.	●	For the 2025-2028 cost framework, the AFM worked closely with the Ministries of Finance and Social Affairs in 2024 to conduct a comprehensive inventory of new tasks and regulations. Based on this, the AFM made capacity assessments for various tasks, leading to in-depth discussions and joint decisions. Additional analyses were conducted on IT and data-driven supervision needs. This process resulted in executive agreements and a finalized cost framework for 2025-2028.
5	Professional organisation	The AFM is a professional, vital and agile organisation with strong capacity for learning, an effective IT infrastructure and sufficient budget.	5.3 The aim is to process 100% of the licence applications and the fit and proper tests within the statutory time limit.	●	On average, 70% of all licence applications and personnel screenings were processed within the legal timeframe. The deviation from 2023 and target values was primarily due to: a) a higher-than-expected number of cases, b) the complexity of applications in new domains like crypto and crowdfunding platforms and c) high staff turnover and absenteeism within these departments. Despite these challenges, we made every effort to process applications on time and maintained proactive communication with applicants when delays occurred. Additionally, we explored ways to handle applications in a more risk-based manner partly to improve processing times.

No.	Objectives	Priorities	KPI's	Score	Explanatory notes
5	Professional organisation	The AFM is a professional, vital and agile organisation with strong capacity for learning, an effective IT infrastructure and sufficient budget.	5.4 The AFM aims to ensure that its costs remain within the established cost framework/budget.	●	Regarding the 2024 budget, agreements were made with the Ministry of Finance regarding additional new supervisory tasks (€10.3 million), with the assumption €1.4 million would be absorbed within budget through phased staff growth. However, recruitment in 2024 turned out to be more successful than previous years, while employee turnover remained relatively low. Additionally, costs incurred regarding organizational restructuring plans needed to prepare and enhance AFM for future supervisory responsibilities. Given the further expansion of supervisory tasks in 2025 and continuous need for additional staff, the AFM concluded absorbing the additional financial impact of successful recruitment within budget 2024 was neither feasible nor desirable. Therefore, where possible, initiatives and projects were postponed to 2025. Following the cost framework procedures and agreements, timely approval was requested and granted by the Supervisory Board to use the contingency fund applicable for 2024. As a result, the budget was slightly exceeded but remained within the agreed 2024 cost framework.