

November 2024,

Targeted consultation assessing the adequacy of macroprudential policies for non-bank financial intermediation (NBFI)

Preliminary remarks

Amundi fully concurs with regulators in seeking to identify existing or potential risks to financial stability arising from entities that do not belong to the bank category. However, we would like to make three major reservations about this consultation:

- Grouping financial intermediaries whose sole common point is their non-belonging to the bank category does not help address efficiently the financial stability risk posed by some parts or activities of financial markets, especially the ones that are not, or hardly, regulated. Not being a bank should not be sufficient to build-up a category, even when acknowledging that such category is heterogeneous. Prior to any initiative on macroprudential policies to be taken outside the banking universe, we would strongly recommend to carry out a mapping of financial entities having a significant footprint on financial markets. For each of these entities, or group of entities, it would be necessary to list the types of activities that generate such footprint, and to assess the degree of regulation they have to comply with. Only once this mapping is achieved, it will be possible to efficiently assess the adequacy of macroprudential policies for each of these entities, and their related activities.
- A number of the macroprudential measures contemplated in this consultation, together with the introduction of some new concepts, are undoubtedly inspired from the bank regulatory framework. This suggests that European authorities assume that “non-bank entities” should be treated the same way as banks when addressing the risks posed to financial stability. To illustrate this point, some examples, among others, excerpted from this consultation can be underlined, such as:

- Powers that could be granted to competent authorities to increase the liquidity buffers of MMFs in case of stress markets (Q8)
 - A monitoring by national competent authorities of the adequacy between the liquidity profile of OEFs and the detection of unmitigated liquidity mismatches during the lifetime of OEFs (Q16). Such measure clearly derives from the “bucketing” approach recommended by both FSB and IOSCO, and is widely seen as a bank-like liquidity requirement.
 - The introduction, in Q62, of the notion of “large (to be defined) asset management companies to address systemic risk (...)”. Here, the link with the banking regulatory framework is even more obvious when comparing this new notion with the existing “globally systemically important banks” (G-CIB).
- It is surprising to observe the over-representation of funds and asset management companies throughout this consultation, whether MMFs, OEFs, or abovementioned “large asset management companies”, when considering, in the same time, the number of regulations those entities have already to comply with. Our concern also includes the fact that funds, together with asset management companies, are seen as bank-like entities, given the nature of the measures that are envisaged in this consultation to address the risk they could pose to financial stability. Actually, asset management activities are dramatically different from banking and require dramatically different regulatory responses to tackle the risks associated to their activities. The fundamental reason for which fund management has been developing for decades to such an impressive extent lies in the unwavering trust between the fund manager and its shareholders, with the former ensuring at all times the fair treatment and the respect of its fiduciary duty. Most measures inspired by banking rules would endanger this trust by creating situations of first mover advantage and/or unsolicited changes in the very structure of the managed funds.

The responses provided in this document reflect and develop the points made above. They also seek to highlight the improvements that are underway – particularly with respect to the fund regulation framework –, and the measures that could be implemented to strengthen financial stability. Below are some options it could be worth to explore:

- Streamlining, and more efficient sharing between the different authorities, of the data already made available by stakeholders when complying with their reporting and stress testing requirements,
- Harmonising and standardising short-term funding markets (STFMs), by (i) fostering further the long-dated, well-established STEP-Label, (ii) following the successful experience of the Banque de France - sponsored Neu-CP market and (iii) leveraging on the never-ending progress of digitalisation to allow for STFMs to adopt the features of the bond market, thus attract more participants.
- Recognising the notion of Group for cross-border asset management companies (and not “large asset management companies”) having a footprint in several EU-jurisdictions. This

would open the door to a simplification of a series of requirements when dealing with same-Group, EU-based, entities and for the possibility to be supervised by a college of supervisors made of different NCAs and headed by one of them (the one that has the closest links with the Group).