

TARGETED CONSULTATION ON THE REVIEW OF THE REGULATION ON IMPROVING SECURITIES SETTLEMENT IN THE EUROPEAN UNION AND ON CENTRAL SECURITIES DEPOSITARIES

EXECUTIVE SUMMARY

Amundi is the European largest asset manager by assets under management and ranks in the top 10 globally. It manages 1 662 billion euros of assets, as of 30 September 2020, across six main investment hubs in Boston, Dublin, London, Milan, Paris and Tokyo. Amundi offers its clients in Europe, Asia-Pacific, the Middle East and the Americas a wealth of market expertise and a full range of capabilities across the active, passive and real assets investment universes. Clients also have access to a complete set of services and tools. Headquartered in Paris, Amundi was listed in November 2015.

We welcome the opportunity to provide a response to this consultation on Regulation (EU) 909/2014 on central securities depositories (hereafter “CSDR”) aiming to improve securities settlement in the European Union and on Central Securities Depositories.

We fully support the overall objectives of CSDR and in particular, measures targeting increased settlement efficiency by reducing the frequency of settlement fails and shortening their resolution delays while preserving the liquidity and the sound functioning of financial markets. Achieving such a goal will provide more comfort to all market participants and more protection to end investors, which is key for us. This being said and to our conviction, CSDR and Commission Delegated Regulation (EU) 2018/1229 implementing regulatory technical standards on settlement discipline (hereafter “RTS”) need to be reviewed and amended to limit scope and balance measures of envisaged settlement discipline. In line with that, our response will therefore focus on questions regarding scope and measures under the settlement discipline regime currently targeted to enter into force as of 01 February 2022.

Amundi strongly believes that sole the penalties regime - as long as the related rates calibration is set to be reviewed on a regular basis - should be mandated under a regulatory framework. The penalty system, as proposed, is to our opinion sufficient to support the ratio legis and to incentivize rigorous settlement practices.

We are opposed to the implementation under CSDR of a Mandatory Buy-In (hereafter “MBI”) as tool to combat delivery fails. Unlike cash penalties regime, whose mechanism is compatible with a rule-based, standardized implementation, buy-in should be seen as a last resort, flexible way of solving a lasting delivery fail and in particular in bilateral trades.

Where buy-ins remain mandatory, a new framework should be built after an impact analysis and studies that prove inefficiency of the penalty system. These rules should be tailored to markets, asset classes and transaction types by eliminating, to the greatest extent possible, detrimental effects to liquidity and financial stability as well as unintended consequences to commercial, economic and legal nature of trades.

Amundi sees current MBIs under CSDR, along with the way the RTS cover their implementation (scope, absence of pass-on mechanism, intervention of a buy-in agent requirement, asymmetry of the reimbursement for changes in market prices), as counterproductive to address the legitimate concerns raised by delivery fails.

Should MBI rules go into force as they are or even in an amended form, we would like to alert the Commission and authorities on timing issues. At current state, it is nearly impossible to ensure compliance with the mandatory framework as the current rule set is not clear and has detrimental impacts on those subject to it. We would need a phased approach providing the market with more time to implement revised requirements under any mandatory regime. Huge efforts are still ahead if contractual arrangements have to be amended (repapering) and operational infrastructure has to be built to comply. Recalling that those could not be pushed forward yet due to the uncertainties and lacking clarifying guidance. Any type of feasible and securing forbearances measures should drive considerations and proposals of the Commission to help market participants to have reasonably time to implement and comply.