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ECON'S DRAFT REPORT ON THE SAVINGS AND INVESTMENT UNION

AMAFI's proposed amendments

AMAFI is the trade association representing financial markets' participants of the sell-side industry located in France. It has a wide and diverse membership of more than 170 global and local institutions notably investment firms, credit institutions, broker-dealers, exchanges and private banks. They operate in all market segments, such as equities, bonds and derivatives including commodities derivatives. AMAFI represents and supports its members at national, European and international levels, from the drafting of the legislation to its implementation. Through our work, we seek to promote a regulatory framework that enables the development of sound, efficient and competitive capital markets for the benefit of investors, businesses and the economy in general.

AMAFI would like to propose the following amendments to the draft report of the European Parliament's Economic and Monetary Affairs Committee on facilitating and financing of investments and reforms to boost European competitiveness and creating a capital markets union[1].

[1] Draft report on facilitating and financing of investments and reforms to boost European competitiveness and creating a capital markets union.

I. The systematic use of a competitiveness test

ECON draft report	Proposed amendment
N/A	**4. Calls for the systematic use of Tool 21 of the Better Regulation to ensure that the competitiveness of EU financial markets and participants is a core objective of every new legislative proposal.**

Justification

Increasing the attractiveness of EU markets and the competitiveness of their participants is critical for EU financial markets to play a bigger role in financing the EU economy.

The systematic application of a competitiveness test for each new legislative proposal, as per Tool 21 of the Better Regulation, should be made compulsory. It should be demonstrated systematically that any proposed legislation will have positive impacts on the competitiveness of European financial markets and their participants and contribute to the strategic autonomy of the Union.

II. STRENGTHENING THE INDEPENDENCE OF THE IMPACT ASSESSMENT

ECON draft report	Proposed amendment
N/A	**5. Calls for enhanced checks and balances to strengthen the independence between the Commission services in charge of preparing new legislative proposals and those responsible for drafting the corresponding impact assessments.**

Justification

To ensure greater independence between the Commission's staff in charge of preparing impact assessments and those responsible for drafting EU legislation, we call for reinforced checks and balances. The current structure may give rise to conflicts of interest that could undermine the objective assessment of legislative proposals. This, in turn, could ultimately prevent EU legislation from achieving its stated objectives, in particular in terms of improving the attractiveness of EU financial markets and the competitiveness of their participants.

III. REVITALISING THE EU SECURITISATION MARKET

ECON draft report	Proposed amendment
N/A	**15. Supports the ambition of the European Commission and the Council to revitalise the EU securitisation market in order to further contribute to the financing of the EU economy.**

Justification

Securitisation is an essential tool to contribute to the financing of the Union's economy. By distributing risk to the investors best equipped to bear it, a well-functioning securitisation market can enable banks to provide more financing to the real economy while offering new investment opportunities to capital markets participants.

The European Commission should undertake full reviews of the Securitisation Regulation, CRR and Insolvency to create a new asset class. This means:

- Adjusting the prudential treatment of securitisation for both banks and insurers;
- Improving the eligibility of securitisation in the LCR ratio;
- Calibrating due diligence and disclosure requirements to reflect investor needs, taking into account the type of transaction (private/public, collateral) and the tranche seniority.

IV. Reforming ESMA's governance

ECON draft report	Proposed amendment
N/A	**6. Emphasises the need to reform ESMA's governance to strengthen its decision-making process, enhance its independence and promote supervisory convergence.**

Justification

Reforming ESMA's governance must go hand-in-hand with empowering the Authority. The current structure of the Board of Supervisors (BoS), ESMA's main decision-making body, appears ill-suited to fostering deeper supervisory convergence. In addition, today's supervisory decisions can depend on reaching the majority with national competent authorities (NCAs) from Member States with limited or no connection to the activities in question, a clear misalignment of interest that undermines supervisory effectiveness.

We recommend strengthening ESMA's decision-making power through the following measures:

- **Changing the decision-making process of the BoS**. As financial markets in Member States vary widely in size and complexity, we call for new voting arrangements to reflect the relative weight of financial markets as well as the different areas of expertise of each NCA. Moreover, as with simple majority voting, abstentions should not be counted as votes for or against.

- **Replacing the current Management Board with an Executive Board vested with greater executive power**. Similarly to the governance model of the Anti-Money Laundering Authority, an Executive Board composed of a limited number of appointed members would enable ESMA to make decisions more efficiently and responsively.

V. BROADENING THE SCOPE OF NO-ACTION LETTERS

ECON draft report	Proposed amendment
N/A	**8. Urges the Commission to consider broadening the scope of the no-action letter that ESMA is authorised to issue.**

Justification

The EU legislative process is, by nature, slower and less reactive than that of many third countries, which hampers the competitiveness of EU market participants.

The time lag between the adoption of a proposal of the European Commission and its publication in the EU Official Journal can significantly disrupt business operations, particularly when the matter is time sensitive and directly affects firms' ability to serve their clients. This delay can result in losing clients to competitors operating in jurisdictions where such restrictions on their service offering do not exist.

To address this issue, especially when EU rules become misaligned with market realities due to changes in the overall (regulatory and business) environment, we propose broadening the scope of the no-action letter that ESMA can issue, aligning with the powers of the SEC in the US. This tool should only be made available once ESMA's governance has been reformed and the Authority is equipped to develop a more in-depth understanding of the operational realities of market participants and business practices.

VI. CREATING AN EU LABEL FOR EXISTING LONG-TERM SAVINGS PRODUCTS

ECON draft report	Proposed amendment
12. Calls on the Commission to develop proposals aimed at creating instruments to facilitate the channeling of household savings to productive investments; asks the Commission to explore the idea of creating an EU investment savings account or a label at EU level for simple investment products suitable for retail investors based on common criteria or features such as product simplicity, low costs, asset allocation and risk mitigation techniques; asks in particular for the Commission to assess the efficiency of a label for investments that are sustainable and located in the EU;	**12. Calls on the Commission to develop proposals aimed at creating instruments to facilitate the channeling of household savings to productive investments; supports the work of the EU Competitiveness Lab ~~asks the Commission to explore the idea of creating an EU investment savings account or~~ to create a label at EU level ~~for simple investment products~~ suitable for retail investors based on common criteria or features such as fiscal incentives, ~~product simplicity, low costs~~, asset allocation and risk mitigation techniques; asks in particular for the Commission to assess the efficiency of a label for investments that are sustainable and located in the EU;**

Justification

Given the urgent need to channel EU savings to the financing of the EU's economy, creating a European label for existing long-term saving products seems to be the most pragmatic approach. Experience has shown in Sweden (ISK), Italy (PIR) and France (PEA) that tax incentives should be a core feature of such products. The work undertaken by the EU Competitiveness Lab under the Spain's leadership is of critical importance in this regard.

Simple and low-cost products will not necessarily meet the full range of investors' objectives and preferences. For instance, products offering capital protection or with specific ESG characteristics may not be the cheapest or the simplest ones.

Creating an EU savings account/product from scratch is not the most effective way to quickly mobilise savings towards the financing of the Union's economy. Leveraging and harmonising existing national frameworks through a common EU label is likely to yield faster and more impactful results.

VII. IMPLEMENTING EMIR 3.0

ECON draft report	Proposed amendment
8. Urges the Commission to develop proposals to properly repatriate clearing activities to the EU;	**~~8. Urges the Commission to develop proposals to properly repatriate clearing activities to the EU;~~**

Justification

This proposal is not justified and not necessary, as this matter has already been addressed by the new "EMIR 3" legislation, which pursues two key objectives:

(i) enhancing the attractiveness of EU CCPs, and
(ii) reducing EU market participants' exposures to systematically important third country tier 2 CCPs providing clearing services on EUR/PLN derivatives identified by ESMA as of substantial systemic importance for the financial stability of the EU.

For these purposes, EU co-legislators have introduced in EMIR 3 several measures, including the Active Account requirement, the primary tool to reduce EU market participants' exposures to these tier 2 CCPs. The Active Account obliges EU actors, subject to specific conditions, to:

(i) open and maintain an "active account" within an EU central counterparty, and
(ii) clear at EU CCP a representative portion of their clearing activity at these tier 2 CCPs.

On this issue, EU co-legislators have adopted a gradual and phased approach, whose results will be further evaluated (notably by ESMA by June 2026). This will allow the European Commission, and ultimately, the EU co-legislators to determine whether a more stringent approach should be contemplated.