AUTORITÉ DES MARCHÉS FINANCIERS

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Overview and inventory of French funds' liquidity management tools

This article constitutes a first presentation of the prospectus analysis tool developed through a cooperation between the Banque de France and the Autorité des marchés financiers (AMF). This work aims to identify the liquidity management tools (LMT) implemented by funds regulated by the AMF under French law ("French funds"). This work is part of a logic to follow up on IOSCO recommendations (2018) to strengthen the overall liquidity risk management framework in line with the recommendations adopted by the FSB (2017). In order to better manage the liquidity risk of investment funds, numerous measures are provided for by international texts, and imposed at the level of European Directives and Regulations governing funds and management companies or recommended by ESMA. In addition to the rules for monitoring and managing liquidity, certain tools can be used in normal times or in times of stress, in order to limit the risks of fire-sales or to mitigate their impact. This paper presents these liquidity management tools as precisely as possible and describes the adoption of these tools by French funds at the end of 2019, based on a textual analysis of the prospectuses.

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