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The AMF publishes the results of work on the possibility of investment funds granting loans

Following its public consultation on the possibility of French investment funds lending directly to companies, the AMF has published a summary of the responses received and its proposals on the matter.

The public consultation triggered 26 responses, mainly from French and international management companies, law firms and industry bodies. In general terms, while these operators have differing opinions on the regulations to be imposed, all see the possibility of funds lending as an additional opportunity to finance the economy. On the proposals put out to consultation, the majority of operators would like greater openness, while two respondents do not want funds to be able to lend beyond the framework laid down in the European regulation on European long-term investment funds (ELTIF).

For the AMF, the aim is to reconcile new opportunities with a secure legal framework. After analysing the various responses, the AMF would like:

- the new rules to ensure that equivalent principles are applied among different lenders within a clarified legal framework, taking into account each operator's economic model (cf. insurance firms);
- management companies wishing to grant loans to be licensed by the AMF in accordance with the AIFM Directive and to have a programme of operations that allows for the possibility of granting loans;

- only specialised professional funds (fonds professionnels spécialisés – FPS), securitisation schemes (organismes de titrisation – OT) and professional private equity funds (fonds professionnels de capital investissement – FPCI) to be able to grant loans;
- additional constraints on funds limiting leverage, the use of derivatives and securities borrowing to be applied whenever lending is no longer an ancillary activity – i.e. when loans granted represent more than 10% of a fund's net assets;
- management companies to regularly report to the AMF and the Banque de France on all loans granted, so that lending can be monitored over time.

The government is currently working on the Conseil d'Etat decree that could be adopted on the basis of Article 27 of the 2015 Amending Finance Act. The AMF will then publish its policy on requirements concerning the extension of the programme of operations of management companies to grant loans.

About the AMF

The AMF is an independent public authority responsible for ensuring that savings invested in financial products are protected, providing investors with adequate information and supervising the orderly operation of markets. Visit our website www.amf-france.org.

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Read more

- 📄 Result of the public consultation on the ability for investment funds to grant loans
- 📄 AMF consultation on loan origination by investment funds

Keywords

FINANCING THE ECONOMY

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REPORT / STUDY MMF

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