

AFG's RESPONSE CONSULTATION

EURO RISK-FREE RATES

Assessment of candidate
euro risk-free rates

July 13 2018



The Association Française de la Gestion financière (AFG) represents and promotes the interests of third-party portfolio management professionals. It brings together all asset management players from the discretionary and collective portfolio management segments. These companies manage at end 2017 €4,000 billion in assets, including €1,950 billion in French funds and €2,050 billion in discretionary portfolios and foreign funds.

The AFG's remit:

- Representing the business, financial and corporate interests of members, the entities that they manage (collective investment schemes) and their customers. As a talking partner of the public authorities of France and the European Union, the AFG makes an active contribution to new regulations,
- Informing and supporting its members; the AFG provides members with support on legal, tax, accounting and technical matters,
- Leading debate and discussion within the industry on rules of conduct, the protection and economic role of investment, corporate governance, investor representation, performance measurement, changes in management techniques, research, training, etc.
- Promoting the French asset management industry to investors, issuers, politicians and the media in France and abroad. The AFG represents the French industry – a world leader – in European and international bodies. AFG is of course an active member of the European Fund and Asset Management Association (EFAMA), of PensionsEurope and of the International Investment Funds Association (IIFA).

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AFG's response to the first public consultation by the working group on euro risk-free rates on the assessment of candidate euro risk-free rates

The Association Française de la Gestion Financière (AFG) is grateful for the opportunity to comment on the consultation by the working group on euro risk-free rate on the assessment of candidate euro risk-free rates.

Our members wish to draw the attention of the working group mainly on the following two aspects:

- **Ensuring a free access and use** of the future euro risk-free rate(s);
- Considering **moving the ESTER publication earlier**.

Euro risk-free rates are of paramount importance for our members' activity. The difficulties of EONIA reform launched by the European Money Markets Institute at the end of 2015 to achieve compliance with the EU BMR cause high uncertainty for asset managers. In that sense, the AFG supports the initiative of the European Central Bank (ECB), the Belgian Financial Services and Markets Authority (FSMA), the European Securities and Markets Authority (ESMA) and the European Commission to set up a working group on euro risk-free rates. It is essential to ensure a smooth transition for the market players.

More importantly, given that future euro risk-free rates will be major reference interest rates, these risk-free rates must be in the public domain and therefore **free to access and use**. This is particularly relevant for the GC Pooling Deferred and the RepoFunds Rate for which the AFG asks for a commitment of their providers to offer an unlicensed use and access.

Finally, our members deplore the expected time of publication of the ESTER at 09:00 CET on the next business day and **ask for an earlier publication**.

Sincerely yours,

Laure Delahousse
Adina Gurau-Audibert