THE INVESTMENT ASSOCIATION

Enhancing the resilience of the gilt repo market – Bank of England Discussion Paper

RESPONSE TO CONSULTATION

About the Investment Association

The Investment Association (IA) champions UK investment management, a world-leading industry which helps millions of households save for the future while supporting businesses and economic growth in the UK and abroad. Our 250 members range from smaller, specialist UK firms to European and global investment managers with a UK base. Collectively, they manage £10 trillion for savers and institutions, such as pension schemes and insurance companies, in the UK and beyond. 51% of this is for overseas clients. The UK asset management industry is the largest in Europe and the second largest globally.

Executive summary

As significant allocators of capital, the IA is supportive of efforts to ensure the ongoing stability of the UK's financial framework. Amongst our members are firms managing LDI and pension funds, who are particularly significant investors in gilt repo transactions as part of these funds' funding solutions.

As such we welcome the opportunity to respond to the Bank of England's Discussion Paper on gilt market resilience.

The IA recognises the value voluntary central clearing can provide to the market broadly. When used in appropriate circumstances, clearing through a central counterparty provides the market and regulators with improved transparency, reduced counterparty credit risk, and enhanced execution and operational efficiencies.

However, we do not believe that the mandation of central clearing for gilt repos would be an appropriate measure. It may in fact be counter-productive, in terms of its impact both on productive asset allocation and the resilience of the gilt repo market. Mandatory central clearing would require pension funds in particular to hold more cash on hand (restricting investment in growth assets in contradiction to the objectives of the Leeds Reforms), and may actually increase procyclical risks by increasing the aggregate demand for cash in times of market stress.

We note key differences between the UK market and jurisdictions such as the US which have applied mandatory clearing, such as range of market participants, regulatory frameworks, and wider market structures. These differences mean that regulatory solutions which may be appropriate in the US are not appropriate to the UK.

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Likewise we are opposed to mandatory minimum haircuts, which we believe would be of uncertain benefit but which would have a distorting effect on the market, and that requiring their use in repo transactions may be an overly broad tool to address more narrow issues of leverage or risk profiles.

In order to boost resilience of financial markets, policy makers should instead consider how the repo market interacts with the wider system of financial stability during margin calls, and look to identify other ways to address liquidity pressures. In particular, one way of increasing the level of voluntary clearing would be for CCPs to accept high-quality non-cash assets (including government bonds and pooled fund units, for example of Money Market Funds and ETFs) as collateral. This would better suit the asset allocation of many pension schemes and reduce the demand for cash by pension schemes during periods of market volatility.

We also encourage the Bank to either broaden access to the CNRF or consider other forms of emergency liquidity provision.

The IA looks forward to continuing to work with the bank to ensure a stable financial system that promotes growth in the interests of end-clients and the wider economy, and would be happy to discuss further any of the issues raised in our response.

1. Do you agree with the assessment of the gilt repo market described in Section 2? Are there any further dynamics that you would highlight, beyond those identified above? Which of the issues described in Section 2 do you see as key risks to gilt repo market resilience, given current market structure?

We think the Bank has broadly correctly identified the dynamics of the gilt market. We welcome that the Bank has recognised the existence of the multiple and various players present in the gilt repo market and within the buy-side segment itself (e.g. LDI funds, DB pension funds, hedge funds, and indeed many other forms of funds).

We also agree with the Bank's view on the benefits stemming from the existence of the SFT Regulation, which applies both in the UK and in the EU. This allows the Bank to acquire data on the gilt repo market, and has significantly increased market transparency. It is important to stress that such transparency did not exist on the US Treasury repo market, something which led in part to the recent regulatory changes there, including the US SEC's requirement for mandatory clearing of the US Treasuries repo and cash markets.

A few additional points we think are worth flagging:

- As part of the intermediation between borrowers and lenders of cash, dealers also perform a maturity transformation: typically, lenders of cash want to lend for short terms (sub 1 month) whilst LDI borrowers want to borrow for longer (3 months-1 year). This is a key distinction in considering the netting opportunities under clearing, and a key difference to the US, as we describe further in our response to Q2.
- Some dealers are themselves net lenders of cash, so it is not purely an intermediation role (whilst acknowledging that intermediation is most of their overall gross activity).

2. What is your view on the potential benefits, risks and broader market implications of greater central clearing of gilt repo? To what extent do you expect greater central clearing, especially in the dealer-to-client segment, would expand dealers' gilt repo intermediation capacity in normal times and in stress? To what extent would greater central clearing reduce counterparty credit risk exposures as well as uncertainty during periods of stress and counterparty defaults, and increase market participants' appetite to extend further gilt repo lending? How do you expect dealers would deploy any additional capacity, both in stress and in stable market conditions?

The IA recognises the value voluntary central clearing may provide to the market broadly. When used in appropriate circumstances, clearing through a central counterparty provides the market and regulators with improved transparency, reduced counterparty credit risk, and enhanced execution and operational efficiencies.

Investment firms already look to clear centrally where it is appropriate to do so – even pension funds currently exempt from mandatory clearing requirements for derivatives for example may do so where the there is a clear benefit to their clients. In some instances this already includes the voluntary clearing of gilt repos.

However, we do not believe that the mandation of central clearing for gilt repos would be an appropriate measure. It may in fact be counter-productive, in terms of its impact both on productive asset allocation and the resilience of the gilt repo market. Our general view is that the financial stability debate may be better served by a discussion about the value of broadening collateral eligibility than pushing further towards cash margining through central clearing.

As noted in the IA's response to HM Treasury's 2003 Call for Evidence on the Pension Fund Clearing Exemption for derivatives, and recognised by HMT in their subsequent policy response the use of mandatory clearing requires institutional investors and asset managers to hold cash to post margin. There was a clear rationale in the original EMIR central clearing exemption for UK pension schemes which sought to ensure that these cash requirements did not distort efficient capital allocation by schemes. This rationale remains important. At a time when the UK government is focused on how to unlock capital held by pension funds to be invested in productive assets (as laid out in the Mansion House reforms), this would essentially require pension funds to hold more cash, and invest less in growth assets (and matching assets such as gilts or corporate bonds). It is not clear that this has been adequately considered.

Alongside the fees charged by clearing houses, there could be additional costs and negative impacts on performance. For pension funds in particular, the requirement to hold higher levels of cash could act as a drag on performance. Pension funds, particularly defined benefit pension funds, tend to hold low levels of cash, given it is not an asset class suited to long investment horizons and long-term inflation-linked liabilities. Requiring schemes to hold more cash would potentially lead to reductions in funding if realised returns do not keep pace with targeted returns. The Discussion Paper itself acknowledges that the impact of costs, both in terms of margins and fees, is likely to be felt most significantly by pension schemes and LDI funds.

It is important to recall that asset managers have above all a fiduciary duty to their clients. As noted above, clearing comes with benefits but also associated costs, and potential impacts on performance if not applied appropriately. Depending on market situations, asset managers may decide to centrally clear, or not centrally clear, repo transactions, driven by that core fiduciary duty, to find the best way to proceed in terms of outcomes for the clients. Making clearing compulsory would impact this overarching principle of fiduciary duty.

As well as the above, mandated clearing for gilt repo transactions could in fact increase procyclical risks by increasing the aggregate demand for cash within the financial system during bouts of market volatility. Given

the low levels of cash held by pension schemes, in a scenario similar to the 2022 gilt market crisis, investors could be forced into further asset sales to raise cash to cover rising margin costs, leading in turn to further pricing pressures. In this instance, the reduction in counterparty risk from mandatory central clearing would be traded off for increased liquidity risk, particularly given tighter prudential rules on banks have reduced their ability to offer liquidity, leading to the potential for greater capacity issues in times of stress. We also note that the need to raise further cash in a stressed market may add a time delay to an investor's ability to margin their position.

While central clearing of Treasuries is long established in the US, the UK market is different, with a different range of market participants and features, and different types of incentives. For example, clearing offers the most benefit for overnight repos, which are more common in other jurisdiction. In the US, which tends to have shorter liabilities and a larger corporate bond market that allows for a wider range of hedging activity other than repo transactions, shorter-term repos are the norm. In the UK however, pension funds will usually operate gilt repos on a month-long term, or longer. Requiring central clearing would likely require pension funds to shorten the terms of their repo transactions, which in turn would negatively impact their ability to carry out longer-term liability planning and to match rollover period periods to maximise liquidity and straddle obvious market pinch points (such as elections, budgets, and year ends), and generally increase roll risk across the market.

As another key difference with the US (and as mentioned in our respone to Q1), we also note the application in the UK and EU of the SFT Regulation. This allows the Bank to acquire data on the gilt repo market, and has significantly increased market transparency. It is important to stress that such transparency did not exist on the US Treasury repo market, something which led in part to the recent regulatory changes there, including the US SEC's requirement for mandatory clearing of the US Treasuries repo and cash markets.

The IA's members have furthermore expressed concern that currently the infrastructure is not in place that would allow significant central clearing of gilt repo transactions, noting that even in the US mandatory clearing of the treasury market has been delayed to allow clearing houses to build up their capabilities. In the UK, which has one clearing house and one sponsoring agent, requiring investors to clear gilt repo transactions could massively increase concentration risk in clearing houses, while offering little benefit elsewhere.

Finally, we note that, given the above, forcing firms to clear repo centrally would likely simply see pension schemes move from repo-based hedging to alternate funding solutions where these requirements would not apply. This may in turn reduce demand for gilts.

In order to boost resilience of financial markets, policy makers should instead consider how the repo market interacts with the wider system of financial stability during margin calls, and look to identify other ways to address liquidity pressures. In particular, one way of increasing the level of voluntary clearing would be for CCPs to accept high-quality non-cash assets (including government bonds, and pooled fund units, for example of Money Market Funds and ETFs) as collateral. This would better suit the asset allocation of many pension schemes and reduce the demand for cash by pension schemes during periods of market volatility. Indeed, the Bank of England's recent System-Wide Exploratory Scenario exercise final report noted that insurers had increased their resilience by widening the pool of eligible collateral they could post.

We also note that broadening the pool of eligible collateral could assist with financial innovation. The UK is exploring fintech solutions like tokenisation of assets. Tokenisation has recently emerged in MMFs, with multiple pilots showing that MMF units can be moved in collateral transaction. The IA considers that this trend will continue leading to the widespread use of tokenised MMFs in repo transactions. We believe it is incumbent on the UK authorities to embrace this development to ensure the UK remains competitive, noting the FCA's recent consultation on the topic of fund tokenisation and recent developments in the US from the CFTC. If tokenised MMF units could be used as collateral, it could accelerate innovation in how collateral is sourced and transferred, contributing to significant developments in market efficiency and innovation.

3. How do you expect greater central clearing would impact the build-up and unwind of highly leveraged, concentrated trading strategies in the gilt repo market? Which market activities and types of participants do you expect would be most affected?

We recognise that the Bank is concerned about the build-up of leverage in the NBFI space, and particularly within strategies employed by hedge funds. However, it is not clear how applying a central clearing mandate for all gilt repo transactions (including transactions not related to the strategies with the most leverage) would address this risk, while it would do little to boost financial resilience elsewhere and, as noted in our response to Q2, may decrease performance and increase risk by requiring investors to hold more cash, ultimately potentially negatively impacting end clients.

4. What would the largest impacts of greater central clearing be for market participants? How would it affect your business model/trading strategies and what actions would you take in response? How would greater central clearing impact cash gilt market liquidity and pricing? Please provide worked examples or quantitative evidence where possible.

As noted in our response to Q2, alongside the fees charged by clearing houses, there could be additional costs and negative impacts on performance, which could ultimately impact end-investors. Pension schemes would be required to hold more cash, impacting returns and limiting their ability to invest in growth assets. This may in turn impact surplus generation and extraction for these schemes running on. Requiring central clearing may also require pension funds to shorten the terms of their repo transactions, increasing roll risk and limiting their ability to plan rollovers over the long term to maximise liquidity. Requiring central clearing of gilt repos may ultimately diminish demand for gilts, and lead to firms switching to alternative funding solutions.

5. To what extent do you think market participants would be prepared to manage the potential increases in liquidity needs that could come with greater central clearing in the gilt repo market? Which policy initiatives might be able to help mitigate this risk?

Institutional investors and pension funds have strengthened their resilience to periods of market stress in recent years, and will look to manage these risks through, for example, the maintenance of cash buffers.

However, as noted in our response to Q2 the reduction in counterparty risk from mandatory central clearing would be traded off for increased liquidity risk, and mandated clearing for gilt repo transactions could in fact increase procyclical risks by increasing the aggregate demand for cash within the financial system during bouts of market volatility, forcing firms into further asset sales and increasing price and liquidity pressures. To protect against this, investment houses and pension schemes would be required to hold additional cash buffers, directing investment away from higher-returning, growth-oriented investments seen as key to meeting the objectives of the Mansion House reforms.

Instead, as noted in our response to Q2 one way of increasing the level of voluntary clearing would be for CCPs to accept high-quality non-cash assets as collateral, such as government bonds, and units from pooled funds such as MMFs and ETFs. This would better suit the asset allocation of many pension funds and reduce the demand for cash by pension funds during periods of market volatility.

The IA is also supportive of the CNRF, which could assist with capacity issues during times of stress. Nonetheless we note that relatively few market participants will meet the criteria to use it, and so would encourage the Bank to either broaden access to the CNRF or consider other forms of emergency liquidity provision.

A number of members also noted that they were supportive of the suggestion in the Discussion Paper to make public the aggregated data on repo operations that they receive through SFT Regulation, as long as such data is aggregated and anonymized. These firms considered that this would assist with market efficiency. It was noted however that this would be a significant and potentially costly task to undertake given the amount of data involved. Other firms noted that they did not see particular benefits to this approach.

6. Do you see any risks to financial stability generated by an increase in centrally cleared gilt repo activity at CCPs and, potentially, a limited number of sponsoring banks? In your view, how material are these risks, and how could they be best mitigated?

As noted in our response to Q2, the IA is supportive of voluntary clearing. We do not see a particular increase in the risk of financial instability occurring if an increase in central clearing takes place voluntarily, because any increase in voluntary activity would only occur where pricing, liquidity, flexibility and infrastructure are supportive. While the IA is concerned about limitations to existing infrastructure and potential concentration risk, greater incentivisation of voluntary clearing would allow CCPs and sponsor banks to build up their capacity over time if there was a growing trend towards central clearing as a result.

However, these issues would be more pronounced in a mandatory clearing scenario, which would greatly increase the strain placed on existing infrastructure as well as the risks of increased concentration. While it may reduce counterparty risk for dealers who are directly facing the clearing house, for pension schemes who face the clearing house indirectly if there are only a limited number of sponsoring banks it could actually increase counterparty. Currently those pension schemes can diversify their counterparty exposure across multiple banks, limiting the impact should one counterparty fail. If there are only a limited number of sponsoring banks available, pension schemes will have more concentrated exposure, meaning a larger financial impact in the event that one fails and making it more challenging to find an alternate counterparty to replace them.

As mentioned above, we also believe that financial stability could be impacted by mandatory clearing, as procyclical risks would increased along with the demand for cash within the financial system during bouts of market volatility.

The IA believes these risks are best mitigated through increasing the level of voluntary clearing instead by, for example, encouraging CCPs to accept high-quality non-cash assets as collateral, such as government bonds, and units from pooled funds such as MMFs and ETFs.

7. In your view and given your business model, what are the costs and benefits of different clearing models? What are the key features of a central clearing model which maximises benefits to market resilience and financial stability while minimising any potential increase in trading costs?

The IA recognises the value central clearing can provide to the market broadly. When used in appropriate circumstances, clearing through a central counterparty provides the market and regulators with improved transparency, reduced counterparty credit risk, and enhanced execution and operational efficiencies.

However, as noted in our response to Q2 the benefits of central clearing are not always as applicable to gilt repo transactions. Any move towards mandated central clearing would inevitably bring higher costs, while the benefits remain uncertain. For this reason we do not believe that the mandation of central clearing for gilt repos would be an appropriate measure, and consider instead that it may in fact be counter-productive in terms of enhancing the resilience of the gilt repo market.

8. To what extent could incentives achieve a sufficient expansion in central clearing to deliver meaningful benefits to the resilience of the gilt repo market? Would a clearing mandate be necessary?

We do not believe a clearing mandate would be necessary, and, as noted in our response to Q2, are concerned that mandated clearing for gilt repo transactions could in fact increase procyclical risks by increasing the aggregate demand for cash within the financial system during bouts of market volatility. As mentioned above, there is a growing trend of voluntary clearing in other jurisdictions where the incentives and liabilities are better aligned, and investment firms may already look to clear centrally where it is appropriate to do so.

Polic makers should look to consider instead how voluntary clearing could best be incentivised. As noted in the Discussion Paper, improved cross-margining ability across different forms of hedging transactions would be beneficial in boosting voluntary clearing. However, this would likely require major ecosystem and infrastructure change (for example rule changes that would allow cross-margining between different CCPs) and may be difficult to achieve in the short term.

In the first instance the IA recommends CCPs accept a wider range of high-quality non-cash assets (such as government bonds, and units from pooled funds such as MMFs and ETFs), which would act as a significant incentive to voluntarily clear more transactions.

9. What is your view on the potential benefits, risks and broader market implications of introducing minimum haircuts on non-centrally cleared gilt repo transactions? To what extent could minimum haircuts effectively address observed market failures around margining practices in the non-centrally cleared gilt repo market? To what extent would this measure reduce counterparty credit risk and uncertainty during periods of stress, and bolster market participants' appetite to extend further repo lending?

The IA is not supportive of the introduction of minimum haircuts. Not only would it act as mandating clearing by another means (which we oppose for the reasons described in our answers to questions 2-8), we are opposed to what would be in essence the regulatory setting of prices, particularly when it is not clear that there is sufficient data or rationale to do so.

We note in particular a recent paper from ICMA which concludes that haircuts can have a distorting effect on the market, and that requiring their use in repo transactions may be an overly broad tool to address more narrow issues of leverage or risk profiles. For example, pension schemes will present a much lower risk profile and credit risk than more leveraged market participants, and therefore would likely see much lower haircutting levels from counterparties.

While it is possible that greater haircutting would increase the resilience of certain counterparty banks in times of stress, it would also potentially negatively impact investment managers by increasing their costs, making transactions more challenging to navigate, and reducing flexibility, in general making it harder to unwind positions during stressed conditions. In these respects a minimum haircut could simply increase uncertainty for market participants, particularly since it is not clear what these levels would be.

It should be noted that minimum haircuts would in fact increase the exposure to credit risk even for investors that present a low credit risk, including pension schemes. For example, if a pension scheme pays a material haircut to a bank, and the bank fails, the pension scheme will be financially exposed, as the value of the cash it has received reflects only the value of gilts delivered on the initial transaction, *not* the additional value of the haircut.

In order to ensure their continued resilience, requiring minimum haircuts could force investors into sales of liquid government bonds – these could become quite significant if higher levels of haircutting were applied.

It should be noted that even during the 2022 gilt crisis, minimum haircuts would likely not have provided significant benefit given the speed of market movements, while requiring investors to tie up more assets for collateral would have made many of the dynamics of the crisis worse. We also note that following the PRA's "Dear CEO" letter of October 2023, which included a request to ensure banks had adequate haircutting policies in place, banks have indicated that they are comfortable with the policies they have in place, demonstrating that even on the bank side there is not a sense of a need for minimum haircutting to improve resilience.

To mitigate these concerns, if minimum haircuts for gilt repo transactions were applied, as in the case of a central clearing mandate firms would likely simply transition from using gilt repos to using alternative funding solutions.

More broadly, as no minimal haircuts are applied today, regardless of the calibration of minimum haircuts it will come automatically with certain costs whereas potential benefits remain highly uncertain. Applying a minimum haircut would translate into great uncertainty for the markets and its actors, particularly as the levels of such haircuts may vary over time.

10. To what extent could minimum haircuts help dampen procyclical increases in haircuts in stress? What is your view on the materiality of this benefit in the context of broader liquidity shocks that repo market participants may face?

Without further data showing otherwise, the IA considers that while it could help dampen procyclical increases for some market participants, it may increase them for other investment firms and pension schemes. It is indeed possible that along with increasing costs for investors during low volatility periods, it would simply establish a new "baseline" level from which further haircuts would still be applied by dealers during times of market volatility. As mentioned in our response to Q9 it would also potentially increase risks for investors by making transactions more difficult and positions harder to unwind, and increasing the risk of financial exposure to counterparties as a result of overcollateralization.

As such, the IA does not consider that the uncertain benefits of mandatory haircutting would outweigh the risks.

11. How do you expect minimum haircuts would impact the build-up of leveraged, concentrated trading strategies in the gilt repo market? Which strategies and types of market participants do you think would be most affected?

While it is clear that the Bank is looking to address certain leverage issues (particularly related to hedge fund activity) in its proposal to apply minimum haircuts, as noted in our response to Q9 any application of minimum haircuts to all gilt repo transactions would go beyond these leveraged strategies, making them an inappropriately broad tool. We note in fact that some highly leveraged hedge fund strategies, for example those involving US or Euro government bonds, would not be impacted at all by any requirement around minimum haircutting of gilts.

12. What would the largest impacts of minimum haircuts be for market participants? How would they affect your business model/trading strategies and what actions would you take in response? How would minimum haircuts on gilt repo impact cash gilt market liquidity and pricing? Please provide worked examples or quantitative evidence where possible.

Minimum haircutting would increase costs for investors even during low volatility periods, and would potentially increase risks for firms by making transactions more difficult and costly during stressed conditions, as well as potentially exposing investment managers to greater counterparty risk.

As noted in our response to Q9, haircuts could have a distorting effect on the wider market that goes beyond what it is intended by policy makers. As no minimal haircuts are applied today, regardless of the calibration of minimum haircuts it will come automatically with certain costs whereas potential benefits remain highly uncertain. Applying a minimum haircut would translate into great uncertainty for the markets and its actors, particularly as the levels of such haircuts may vary over time.

13. Is there a particular model or calibration of minimum haircuts which maximises benefits to financial stability while minimising potential costs to market participants?

For the reasons cited above, we do not believe that minimum haircuts of any kind are appropriate. If they were to be introduced, the market would at the very least need to see clear data confirming that the haircuts have been appropriately calibrated and tailored, perhaps (as discussed in the Discussion Paper itself) by being only applied to certain subsets of the gilt repo market or even on individual trades.

However this process would be difficult to conduct without causing significant market uncertainty and complexity. There is also a risk of haircuts distorting the underlying gilt market, which may become more exaggerated in times of stress as individual bonds become more or less attractive due to their haircut characteristics. As we discuss in our response to Q9, as no minimal haircuts are applied today, regardless of the calibration of minimum haircuts it will come automatically with certain costs whereas potential benefits remain highly uncertain. Applying a minimum haircut would translate into great uncertainty for the markets and its actors, particularly as the levels of such haircuts may vary over time.

14. Aside from greater central clearing and minimum haircuts in non-centrally cleared transactions, what are the measures, or combination of measures, that you think could effectively alleviate different constraints to the expansion of gilt repo lending in a stressed market?

As noted in our response to Q2, the most effective mechanism in the short term would be for CCPs to accept non-cash assets (including pooled fund units, for example of Money Market Funds) as collateral. This would better suit the asset allocation of many investment managers and reduce the demand for cash by pension schemes during periods of market volatility.

The IA is supportive of the CNRF, which could assist with capacity issues during times of stress. Nonetheless we note that relatively few market participants will meet the criteria to use it, and so would encourage the Bank either to look to broaden access to the CNRF, or consider other forms of emergency liquidity provision that could be available in stressed conditions to a wider pool of market participants.

15. In particular, what are the risks and benefits associated with greater private and public disclosures of leveraged positions generated via gilt repo? How do you expect market participants' behaviour to evolve as a result of these potential measures?

The IA notes that the introduction of SFT Regulation in the UK and EU, has provided additional transparency for repos and other SFTs (that was notably not formerly available in the US ahead of the introduction there of mandatory clearing for Treasury transactions). As a result we do not believe that additional reporting should be required.

A number of members noted that they were also supportive of the suggestion in the Discussion Paper to make public the aggregated data on repo operations that they receive through SFT Regulation, as long as such data is aggregated and anonymized. These firms considered that this would assist with market efficiency. It was noted however that this would be a significant and potentially costly task to undertake given the amount of data involved. Other firms noted that they did not see particular benefits to this approach.

16. In your view, what is likely to be the most effective combination of potential reforms to effectively address the vulnerabilities in the gilt repo market and enhance its resilience?

As noted in our response to Q14, the most effective mechanism in the short term would be for CCPs to accept non-cash assets (including pooled fund units, for example of Money Market Funds) as collateral. This would better suit the asset allocation of many investment managers and pension funds and reduce the demand for cash by pension schemes during periods of market volatility.

The IA is supportive of the CNRF, which could assist with capacity issues during times of stress. Nonetheless we note that relatively few market participants will meet the criteria to use it, and so would encourage the Bank to either broaden access to the CNRF or consider other forms of emergency liquidity provision.