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CALL FOR TECHNICAL ADVICE TO THE EUROPEAN SUPERVISORY AUTHORITIES

Assessment of private credit activities and exposures of EU banks and Non-Bank Financial Intermediaries

With this Call for Advice, the Directorate General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) of the European Commission invites the European Supervisory Authorities (ESAs) to develop technical advice in the form of an assessment of private credit activities and exposures of selected EU banks and Non-Bank Financial Intermediaries (NBFIs).

This advice should focus on identifying common definitions of private credit activities (with granularity as needed), mapping exposures, identifying data gaps in the existing reporting framework on a best effort basis, assessing the level of retail investor's participation, and mapping the interconnection between banks and NBFIs through private credit activities (lending and investment exposures).

When providing this advice, the ESAs should take into account the objective of ensuring adequate risk identification on a system-wide basis and improved monitoring by identifying information to be included in the regulatory reporting, where needed. This should be done while ensuring a proportionate and non-duplicative reporting.

The request is made in accordance with the founding Regulations establishing the ESAs,[1] which set out the obligation to protect the public interest by contributing to the short, medium and long-term stability and effectiveness of the financial system, including through ensuring the integrity, transparency, efficiency and orderly functioning of financial markets.

The advice should follow the technical guidelines discussed below, including both qualitative and quantitative analyses.

The Commission invites the ESAs to deliver the advice, to the extent possible, within 6 months from the reception of this Call for Advice. The European Parliament and the Council will be informed about this request, which will be available on the website of DG FISMA once it has been transmitted to the ESAs.

[1] Article 16a Regulations (EU) No 1093/2010, No 1094/2010 and No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing the European Supervisory Authorities (OJ L 331, 15.12.2010, p. 1), as amended by Regulation (EU) 2019/2175 of the European Parliament and of the Council of 18 December 2019 (OJ L 334, 27.12.2019, p. 1).

1 Context

Private credit has grown rapidly as Non-Bank Financial Intermediaries (NBFIs) have expanded their lending activities to corporates and individuals, sometimes with the financial involvement of banks (e.g. on the funding side). Private credit is a heterogeneous asset class and can take various forms, including fixed and floated-rate loans, asset-backed lending, real estate debt, infrastructure debt, venture debt, and distressed debt, with varying contractual features, maturities, and risk profiles. A typical private credit loan is a floating rate loan (with limited interest rate risk), covenants intensive (e.g. capitalising investments in times of crisis) and medium-term maturity.[2] Over recent years, private credit by non-banks has increasingly become a source of funding for the economy, as overall credit to Non-Financial Counterparties (NFC) by non-banks reaches new historical highs (21% of total credit in the EU[3] and 72% of the total in the US[4]). It is also a source of financial diversification with positive impact on financial stability, coupled with preliminary evidence suggesting that private credit can have a dampening effect on the credit cycle.[5] The success lies in two key characteristics. On the one hand, private credit offers more customisation and requires less guarantees than bank or public debt funding. On the other hand, private credit has become attractive for investors that started to de-risk by shifting investments from overvalued equities or public high yield markets, while still getting similar returns and at a lower risk (with historically low default rates). There is also a strong link between private equity and private credit activities. For instance, private credit funds frequently act as lenders (often alongside banks) for private equity buyouts, creating a symbiotic ecosystem where private equity provides the deal flow and operational oversight, while private credit supplies the flexible leverage needed to execute those transactions. There is also preliminary evidence that private credit flows more towards companies owned by private equity companies.

Since the beginning of 2026, several US private credit funds that allow to redeem at quarterly windows have received redemption requests well above historical averages and have begun to activate redemption gates to limit withdrawals. While the withdrawal restrictions are typical liquidity management tools to protect investors and prevent runs, the redemption spike could be a warning sign of deeper issues with the credit quality of private credit activities. This situation is also not isolated to private credit, as we have seen an even greater investors' pull back in private equity markets in the past year.[6] Due to the very nature of private transactions, however, there is limited information for supervisors to assess the risks and the exposures of EU banks and NBFIs to private credit activities within the EU and towards private credit funds and activities located in third countries either through loans or investment products (such as securitised products). Private credit activities also exhibit a high level of interconnection between banks and NBFIs, which should be further explored and understood. In light of these developments, in the United States, the Federal Reserve of New York and Dallas have announced a survey to collect data on private credit activities from asset managers with at least $50 million in assets under management invested in private credit activities.[7]

[2] The Fed - Private Credit: Characteristics and Risks; IMF, ibid.
[3] 2025 ESRB NBFI Monitor.
[4] Federal Reserve Bank of St. Louis.
[5] See, for instance, Hinzen, Franz J. and Mondini, Giorgio and Rintamäki, Paul and Steffen, Sascha, The Cyclicality of Direct Lending (March 29, 2026). Available at SSRN: https://ssrn.com/abstract=6490423 or http://dx.doi.org/10.2139/ssrn.6490423.
[6] Private Equity Struggles as Investors Pull Back – CEPR, Private equity stocks down 30-40% in three months, bigger worry than geopolitical risk.
[7] Federal Reserve Banks of Dallas and New York to Launch Pilot Survey of the Private Credit Market - FEDERAL RESERVE BANK of NEW YORK.

2 Legal basis

Art. 1 paragraph 5(b) of the EU Regulations establishing the ESAs (the European Securities and Markets Authority, the European Banking Authority and the European Insurance and Occupational Pensions Authority) requires the authorities to protect the public interest by contributing to financial stability, *"ensuring the integrity, transparency, efficiency and orderly functioning of financial markets"*. Together with the European Systemic Risk Board (ESRB) and national competent authorities, the European System of Financial Supervision (ESFS, in cooperation with the Single Supervisory Mechanism, Art. 3.1, SSMR 1024/2013) needs *"to preserve financial stability and to ensure confidence in the financial system as a whole and effective and sufficient protection for the customers of financial services."* (Art. 2.1, ESAs Regulations).

To achieve the mission given to the ESFS under EU law, Art. 35 of the ESAs Regulations grant the ESAs a power to collect data from competent authorities of the Member States (or from other national supervisory authorities or, as last resort, from market participants themselves) in order to carry out their duties.

Once established that financial stability risks stemming from private credit activities fall in the areas of competence of the ESAs and have also an impact on the legal frameworks listed in Art. 1(2) of the ESAs Regulations, Art.16a of ESAs founding Regulations[8] provides the possibility for the Commission to request technical advice to the ESAs on such matters in accordance with the scope and technical specifications discussed in the following sections.

3 Scope of the exercise and technical specifications

The Commission is requesting the advice of the ESAs, in cooperation with the ESRB, in relation to: 1) the lending and investment exposure of EU banks and NBFIs to private credit activities within the EU and in third countries; 2) a description of gaps in the existing reporting framework around private credit activities (the level of granularity should be defined in the course of the activities); 3) the level of participation in private credit activities by retail investors; and 4) a mapping of interconnection between banks and NBFIs through private credit activities.

The criteria below should be followed in preparing this technical advice:

1. **Common Definitions.** Private credit should be intended in a broad sense, including direct lending operations, as well as investments in legal vehicles that perform such activities or in instruments backed by loans. If available data allows, the ESAs should distinguish between different types of private credit activities, with special attention to unsecured direct lending to private companies and individuals.
2. **Type of entities in scope.** Both EU banks and NBFIs (including non-EU subsidiaries). NBFIs that are in the scope should include at least insurance companies, pension funds and investment funds, alongside Other Financial Institutions (OFIs) for which regulatory reporting is available.
3. **Data to be analysed.** When assessing exposures of EU banks and non-banks, the ESAs should at this stage **only consider** data from regulatory reporting and/or commercial datasets. **Provided it is available**, data should include at least the following:
    a. Lending and investment exposures to private credit activities by EU banks and NBFIs, including for instance exposure to private credit funds, distinguishing between leveraged and unleveraged funds. Data should also include undrawn credit lines.

[8] Regulations (EU) No 1093/2010, No 1094/2010 and No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing the European Supervisory Authorities (OJ L 331, 15.12.2010, p. 1), as amended by Regulation (EU) 2019/2175 of the European Parliament and of the Council of 18 December 2019 (OJ L 334, 27.12.2019, p. 1).

   b. Indirect exposures via look-through assessment should be also included on a best effort basis.
   c. Lending and investment exposures of EU and non-EU legal subsidiaries to private credit activities in selected third countries (at least US and UK) with geographical and sectoral breakdown of such exposures (particularly between EU and those selected non-EU jurisdictions).[9]
   d. Data on EU Alternative Investment Funds (AIFs) and European Long-Term Investment Funds (ELTIFs)'s private assets under management (including synthetic exposures), the percentage of open-ended and closed-ended funds and the composition of their investor base, including retail investor participation.
   e. Data on collateralised loan obligations (CLOs) and Synthetic Risk Transfers (SRTs) to the extent these are considered part of the private credit universe.
   f. Breakdown of assets by fair value hierarchy (e.g. Level 2 and Level 3 assets) and qualitative data on valuation practices around private asset value recognition for in-scope banks and NBFIs.
   g. Data should be from end of 2025. Where available and on a best effort basis, more up to date data could be provided, while ensuring comparability, to factor in the impact of the geopolitical tensions and the redemption run on US private credit funds in Q1 2026.
4. **Data use.** If disaggregated entity-level data will be used, it should remain confidential, only to be used for supervisory and monitoring purposes. Data that is publicly disclosed should be done so in an aggregated fashion or anonymised in a way, so that no individual entity can be recognised.
5. **Desired output.** The outcome of the technical advice should include a **report** presenting a set of common definitions and key characteristics of private credit activities. It should include **data that is currently available through existing reporting and, where deemed relevant by the ESAs, available commercial datasets**, including data on investments in private assets through non-EU subsidiaries. As part of the deliverable, **on a best effort basis,** the ESAs should also flag data mentioned under point 3 (and other data the ESAs deem necessary for adequate risk monitoring) that could not be sourced from existing reporting or commercial datasets.
6. **Potential follow-up.** On the basis of the technical advice, the Commission, in consultation with the ESAs, ESRB, ECB and SSM, will consider whether a **one-off and targeted data collection from selected entities** is necessary to fill any key data gaps identified in the technical advice.

4 Organisation of the work and expected timetable

The Commission invites the ESAs, with the participation of the ESRB, the ECB, the SSM and DG FISMA services, to set up a dedicated Task Force under the Joint Supervisory Committee to discuss and agree, among other, on common definitions (with appropriate level of granularity to be defined in the course of the activities), data management and processing, in line with the abovementioned technical specifications. Collected data should be shared among participating authorities with no duplicating data requests and under the principle of reporting burden minimisation.

Considering the work required on identifying common definitions, the Commission invites the ESAs to deliver their report, to the extent possible, within 6 months from the date of reception of the Call for Advice.

[9] An example of 'direct exposure' would be the credit line (drawn and undrawn) by EU banking groups to EU/US private credit funds' limited partners, or the investment by pension funds in private credit funds, or insurance companies' lending to non-financial corporates. Examples of 'indirect exposure' would be holding of collateralised loan obligations backed by private credit assets, synthetic risk transfers held by private credit funds, and exposures through funds of funds and private placement deals.