



## Call for Evidence of the Securitisation Regulation

We would like to highlight the following points from the summary report on the consultation: On effectiveness we notice that the only successful areas have been standardisation, STS and (just) reducing the stigma; responses were very negative on operational costs and, most importantly against the current geopolitical background, improving the financing of the EU economy.

Views on SME securitisation are mixed. SME securitisation is mainly successful in SRT and ABCP transactions. True sale term transactions in the private or public market are not the easiest way to support SME credit.

The jurisdictional scope and the inclusion of AIFMs as well as the definition of securitisation are not irrelevant, but these should not be the key priorities when the aim is to revive the market.

So we urge the EC to address the main issues that limit the effectiveness of the European securitisation market. These are 1) the prudential treatment and 2) disclosure and due diligence.

Respondents have been very clear on what is needed on due diligence: a more principle-based, proportionate, less burdensome and where possible more risk-sensitive regime. This would especially benefit secondary markets and repeat issuance.

Also the double (or, including STS verification even triple) checking by investors of STS criteria is seen as a major hurdle.

On transparency the conclusions are very clear: streamlining the current disclosure templates for public transactions and introducing a simplified template for private transactions are the main priorities.

Very clearly, most stakeholders propose enhanced coordination between supervisors. We fully agree, but that should not lead to additional costs.

Supervisory costs for the industry, incl. service providers, are already extremely high. For the same reason we would be careful in promoting TPVs from regulated to supervised; fees charged by these small entities would be seriously impacted by the excessive costs supervisors would charge them for double checking their work.

Many stakeholders argued that to achieve success with STS, the criteria must be simplified. While we agree that this might be appropriate, we do not support a weakening of the criteria. Rather, together with many other stakeholders, we would emphasise that reforms in the non-STs sector might be an important route to reviving that part of the market.

As nearly all respondents indicated, the creation of securitisation platform is not the main issue in the market, and it should be addressed at a later stage, following comprehensive feasibility studies and consultations.

In the views on the prudential and liquidity risk treatment for banks, there are significant discrepancies between "the market" and the regulators. The market is clear in their assessment. The disproportional prudential treatment is holding back securitisation in the EU. This should be addressed with the utmost urgency.

While admittedly there may be some cliff effects associated with changes in the p-factor, there are solutions available, like a scalar p-factor or 2 p-factors.

As regards the LCR, it looks like regulators are fighting the war of the past. Securitisations are very liquid instruments as long as we do not make the mistakes of the pre-GFC period which eroded the trust in the securitisation product.

Finally, the financing challenges for the EU need to be addressed urgently. Therefore, waiting for Basel to come with solutions is unwise in a changing world where global agreements are becoming less reliable.

The variety in responses on the liquidity and capital treatment for insurers is driven by the very diverse questions raised about STS versus non-STS, senior versus mezzanine etc.

This somewhat hides the big issue: the calibration of Solvency II capital charges makes it extremely unattractive for insurers to invest in the product.

Finally, the prudential framework for IORPs and other pension funds currently does not seem to be the biggest issue at stake.