



European Commission Consultation, as part of the Securitisation Package of 17 June, on amending Delegated Regulation (EU) 2015/35 specifying technical rules of the Solvency II Directive.

This document provides the response of the Dutch Securitisation Association (“DSA”) on the Consultation.

We welcome the opportunity to respond on this Consultation. Individual DSA members may respond as well.

General comments

As a representative organisation for the securitisation industry, we will only comment on the sections of the draft Delegated Regulation covering securitisation: recitals 31-33 and Par. 56 amending Art. 178.

We have taken notice of the recognition by the Commission of the specific due diligence and transparency requirements applicable to STS securitisations (Recital 32), but we would like to stress that most of these requirements apply to all securitisations and that STS provides additional safeguards against agency and model risk on top of the due diligence and transparency requirements. So a level playing field treatment should apply to all securitisations and even more so to STS securitisations.

As a second general comment, we appreciate the intention of the Commission to bring the Solvency II requirements for insurance investors more in line with the CRR requirements for bank investors (Recital 33). However, due to the difference in approach between the Solvency II and CRR capital models and the (understandable) reluctance of the Commission to redesign the Solvency II capital model, comparison between Solvency II and CRR remains very difficult.

Senior STS Securitisations Positions (Art. 178.3)

We welcome the improvements proposed. It is important that Senior STS tranches are given at least the same treatment as Corporate and Covered Bonds that are not subject to the STS criteria and due diligence and transparency requirements of the Securitisation Regulation. It could be argued that with all these additional safeguards the risk profile of Senior STS tranches is superior to that of Corporate and Covered Bonds.

Non-Senior STS Securitisations Positions (Art. 178.4)

We notice that the improvements proposed are proportional to the improvements in Art 178.3. The gap between Senior STS and non-Senior STS in terms of capital charges remains however high. We wonder whether insurance investors will be attracted by the proposed risk factor stresses.

Senior and Non-Senior Non-STS Securitisation Positions (Art. 178.8 and 178.8a)

We appreciate the efforts of the Commission to increase risk-sensitivity by both separately treating Senior and Non-Senior STS Positions and reducing the difference in capital requirements between STS and Non-STS Securitisation Positions (recital 33).

The resulting risk factor stresses for Senior Non-STS Securitisation Positions are a major improvement compared to the existing requirements for Non-STS Securitisation Positions.

Also the risk factor stresses for Non-Senior Non-STS Securitisation Positions are a clear improvement compared to the existing requirements for Non-STS Securitisation Positions.

We are however struggling to find the basis on which the stresses are calibrated.

The result in terms of capital requirements also still seems to exceed the capital that has to be set aside by bank investors for comparable Non-STS Securitisation Positions.

Again we wonder whether insurance investors will be attracted by the proposed risk factor stresses.