Question 1.1:
Has the Securitisation Regulation (SECR) been successful in achieving the following objectives:

	1 Fully Agree	2 Somewhat agree	3 Neutral	4 Somewhat disagree	5 Fully disagree	6 NA
Improving access to credit for the real economy, in particular for SMEs					X	
Widening the investor base for securitisation products in the EU				X		
Widening the issuer base for securitisation products					X	
Providing a clear legal framework for the EU securitisation market				X		
Facilitating the monitoring of possible risks	X					
Providing a high level of investor protection		X				
Emergence of an integrated EU securitisation market				X		

Question 1.2:
If you answered 'somewhat disagree' or 'fully disagree' to any of the objectives listed in the previous question, please specify the main obstacles you see to the achievement of that objective.
<u>Improving access to credit:</u> the securitisation market has not shown any meaningful growth since the introduction of the SECR. While admittedly Covid-19 and monetary policy have played an important role in this disappointing development, it is hard to argue that the SECR improved access to credit as yet.

Widening the investor base: *Although there is some anecdotal evidence that the number of investors in securitisations has somewhat increased, this is most likely due to the "search for yield". With the due diligence requirements imposed on investors by the SECR, it is more likely that securitisation has become less attractive for certain types of investors.*
Widening the issuer base: *we have seen new issuers entering the market, especially start-ups, finance companies, fintechs and other parties without access to central bank money and/or the covered bond market. However, this trend already existed before 2019. There is no evidence that the introduction of the SECR has led to more issuers entering the market. The SECR should have reopened the market for legacy issuers (larger banks) by offering a competitive product, but even with the limited benefits of STS, securitisation is still not at a level playing field with other wholesale funding products. There is potential for new issuers using securitisation for capital market purposes, but the synthetic STS amendments are relatively new and a better workable SRT regime is still in the development phase, so it is not yet possible to see a trend.*
Providing a clear legal framework for the EU securitisation market: *we acknowledge that the securitisation rules within Europe are uniform. However, there is still uncertainty in relation to part of the SecReg. For example, the definition of 'securitisation' is multi interpretable and hence has led to different views in the market. The same goes for the jurisdictional scope of the SecReg*.
Emergence of an Integrated EU securitisation market: *although the SECR contributes to the integration of EU securitisation, other elements of the CMU plan (like harmonisation of insolvency legislation) have to be completed before market integration really can take off.*

Question 1.3:
What has been the impact of the SECR on the cost of issuing / investing in securitisation products (both STS and non-STS)? Can you identify the biggest drivers of the cost change? Please be specific.
For issuers, additional costs are related to adjustments in the reporting systems (in order to produce the new data templates and standardised investor reports), additional compliance activities and IT. For STS additional costs will be incurred in order to deliver the STS specific information. A rough estimate for these costs combined is an amount of € 1 mln per issuer.
Apart from the one time costs, there are also additional costs per transaction (repository fees, STS verification fees, cash flow model expenses), but these are relatively low .
For investors, the main costs will be additional due diligence costs per transaction. For transactions with an STS verification available, the due diligence will be relatively easy compared to bespoke non-STS transactions.
The additional costs for investors that had already a strict due diligence policy before the SECR will anyway be relatively low.

Question 2.1:
Are you issuing more private securitisations since the entering into application of the EU securitisation framework?
-Yes, significantly
-Yes, slightly
-No change

-No, it has decreased
-Don’t know/No opinion/**not applicable**

Question 2.2:
What are the reasons for this development (please explain your answer)?
Although question 2.1 is not applicable to a trade association, we would like to comment on the topic of private securitisations.
There seems to be a general misconception that private securitisations have grown after the SECR started to apply at the expense of public transactions (with often the implied suggestion that issuers use the private route to circumvent reporting requirements).
Why this is a misconception in our view:
-the very wide definition of securitisation in the SECR has earmarked transactions that were previously seen as bank lending now as (private) securitisations. Examples are warehouse lines and ABCP transactions that were moved to the balance sheet of the sponsoring bank when in 2008 conduit funding became unavailable (and the ECB did not provide liquidity to the ABCP market).
-most private transactions, and especially ABCP transactions have a long history and have been renewed/rolled-over many times. New production is only a fraction of the total private securitisation market.
-these transactions that always existed are now becoming visible, because they are restructured to STS and popping up in the ESMA register or just because they have to be reported to the supervisors as securitisations (while they used to be reported as lending).
The incentive to create real new private transactions has been limited, due to the increased reporting complexity and the lower benefits in terms of regulatory capital treatment.
So from an issuers perspective, the most likely answer yo Question 2.1 would have been ”No, it has decreased”.

Question 2.3:
Do the current rules enable supervisors to get the necessary information to carry out their supervisory duties for the private securitisation market?
-**Yes**
-No
-Don’t know/No opinion/not applicable

Explanation:
Although we are not a supervisor, it is hard to imagine that the extensive reporting requirements vis-à-vis supervisors of SECR Art 7 would be insufficient for supervisors to carry out their duties

Question 2.4:
Do investors in private securitisations get sufficient information to fulfil their due diligence requirements?
-**Yes**
-No
-Don’t know/No opinion/not applicable

Explanation:
Holders of positions in private transactions do get all the Art 7 disclosure, and if the private transaction qualifies as an STS transaction, also Art 22 disclosure. Some information, like cash flow models for private warehouse transactions, is even redundant.
For potential investors it may be a hurdle that there is no information to be found in a repository, but given the private nature of the transaction there will be a close relationship between the investor and the issuer anyway, so this should not be a real issue.
The Art 7 disclosure should cover the due diligence requirements under Art 5.3.a (risk) and b ((structural features). The requirements of Art 5.3.c (STS) can be fulfilled with the help of the STS verification (which is to be made available as per Art 7). Only in cases were an STS transaction is not verified, investors may have a due diligence problem.

Question 2.5:
Do you find useful to have information provided in standard templates, as it is currently necessary according to the transparency requirements of Article 7 and the associated regulatory and implementing technical standards?
-Yes
-**No**
-Don’t know/No opinion/not applicable

Explanation:
We are big supporters of standardisation, so the first part of the question should be answered with a loud and clear “yes”. Also the requirements in Art 7 are generally OK. However, the templates as prescribed in the RTSs and ITSs (usually referred to as the “ESMA templates”) are in our view not very useful.
We have several issues with these templates:
-the underlying exposure templates contain many fields that cannot be filled for legacy pools; since all fields are mandatory, the only solution is to use “ND”. However, ND is not really contributing to transparency, and ND1-4 will have to be gradually phased out, which will lead to reporting problems.
-while the underlying exposure templates for asset classes like RMBS or Auto ABS have been designed with mortgages and car loans in mind, for many other asset classes the templates are not suited to the specifics of the asset class (with Corporate/SME as a striking example) or non-existing (trade receivables). So for many asset classes it is almost impossible to squeeze the data in the rather artificial categories as described in the templates.
-the Investor report and significant events templates are one-size-fits-all reports that have to cover a wide range of securitisations with different characteristics.
What we would propose is templates that are on the one hand less detailed (focus on what is really important to know for an investor) and on the other hand more designed for the specific characteristics of the different asset classes.

Question 2.6:
Does the definition of private securitisation need adjustments?
-**Yes**
-No
-Don’t know/No opinion/not applicable

If yes, explanation:
The main reason for defining private securitisations is the difference in disclosure requirements between private and public securitisations.
So the definition should be adjusted for this purpose.
There can theoretically be 3 reporting situations:
-reporting the Art 7(1) information through a Repository
-reporting the Art 7(1) information but not through a Repository
-reporting bespoke information (in this case a Repository would never apply)
Our suggestion would be to use the third option for “Bilateral transactions” (transactions with one external or internal investor/liquidity provider), the first option for all “Publicly distributed transactions” and the middle option for all “Other transactions” (so any transaction that is not bilateral or publicly distributed).

Question 3.1:
Do you consider the current due diligence and transparency regime proportionate?
-Yes
-**No**
-Don’t know/No opinion/not applicable

Explanation:
The regime is not proportionate with the regimes applicable to any other capital markets product. We would not suggest that other products should be subject to the same due diligence and transparency as securitisation, but we would support a more level playing field.
Feedback from investors tells us that they prefer a more focused regime for securitisation (as they don’t require all the information which is made available), with more emphasis on information that is really useful and less on huge quantities of data (with many ND’s) that do not provide any insight but still have to be due-diligenced by investors.

Question 3.2:
What information do investors need? How do investors carry out due diligence before taking up a securitisation position?
Investors generally do carry out due diligence, but it differs per investor how they have organised this for securitisaton positions.
What we understand is that they often do not analyse loan level data themselves, but use third parties (Bloomberg, Intex) to group the data in a standardised way. For the STS criteria, the investors do rely on STS verification supplemented by their own analysis on specific sensitive issues.
All information is nice to have, but what they really need to know is usually a subset of the bulk they get through Repositories. Again it differs per investor what they really see as important.

Equally, investors do not need all the documentation that has to be made available under Art 7.

Question 3.3:
Is loan-by-loan information disclosure useful for all asset classes?
-Yes
-**No**
-Don’t know/No opinion/not applicable

If yes, please specify:

Explanation:
It is not very useful for asset classes like trade receivables or credit cards (very granular, high turnover). It could be useful fo corporate/SME exposures, but not with the current templates that are designed for retail assets rather than corporate exposures.

Question 3.4:
Is loan-by-loan information disclosure useful for all maturities?
-Yes
-**No**
-Don’t know/No opinion/not applicable

Explanation:
For highly granular or fast revolving assets like credit cards and trade receivables the information is less useful, while for assets with a long life, like mortgages, it can be very useful.

Question 3.5:
Does the level of due diligence and, consequently, the type of information needed depend on the tranche the investor is investing in?
-**Yes**
-No
-Don’t know/No opinion/not applicable

Explanation:
It is obvious that an investor in an equity/first-loss tranche would need more information than the investor in the senior tranche. But for less extreme examples it is more difficult to say. The dividing line may be mezzanine: mezzanine and first-loss need bespoke information, just as complete as the originator itself would use; any other tranche would receive sufficient information by looking into a Prospectus, an investor report and loan level data

Question 3.6:
Does the level of due diligence and, consequently, the type of information needed depend on whether the securitisation is a synthetic or a true-sale one?
-Yes
-**No**
-Don’t know/No opinion/not applicable

Explanation:
Synthetic or true sale are just techniques. The level of due diligence/disclosure depends on the risk position an investor takes, not the technique of transferring the risk.

Question 3.7:
Are disclosures under Article 7 sufficient for investors?
-**Yes**
-No
-Don't know/No opinion/not applicable

Explanation:

If no, please specify what is missing:

Question 3.8:
Do you find that there are any unnecessary elements in the information that is disclosed?
-**Yes**
-No
-Don't know/No opinion/not applicable

Explanation:
There are data fields in the templates that are not very useful (see Q 3.9)

Question 3.9:
Can you identify data fields in the current disclosure templates that are not useful? Please explain your answer.
Annex 2 (RMBS) as an example of an underlying exposures template:
RREL47-57: 11 fields about interest rate resets; this could be 1-2 fields
RREL59-64: 6 fields about prepayments; could be just 1 field: "prepayments"
Specific fields like Resident (RREL10), Customer Type (RREL15), Origination Channel (RREL26), Insurance or Investment Provider (RREL79), Energy Performance Certificate Provider Name (RREC11), Guarantor Type (RREC23) are all nice to have not need to know
Annex 12 (Investor Report):
IVSS30-37: risk weights, PD, LGD: internal information where an investor is not supposed to rely on
IVSS38-44: 7 arrears buckets is a bit excessive
Dilutions (IVSS23): a concept that only applies to trade receivables
Annex 14 (Significant Events):
SESS17-24: 7 fields about swaps; that could be 1 or 2
SESP 1-9: 9 fields per counterparty; only few counterparties are relevant

Question 3.10:
Can the disclosure regime be simplified without endangering the objective of protecting EU institutional investors and of facilitating supervision of the market in the public interest?
-**Yes**
-No
-Don’t know/No opinion/not applicable

Explanation:
See also our answer on Q 3.1: the current regime is very detailed; the focus should shift to what is really important rather than providing loads of nice to have information as a result of which it becomes more difficult for an investor to make a good analysis of what is really important.

Question 4.1:
Have you experienced problems related to a lack of clarity of the Securitisation Regulation pertaining to its jurisdictional scope?
-**Yes**
-No
-Don’t know/No opinion/not applicable

Explanation:
We refer the ESAs’ Opinion on the Jurisdictional Scope of Application of the SECR. The sell side issues referred to in this Opinion have been relevant for our members, especially for multi-jurisdictional (trade receivable) ABCP transactions.

Question 4.2:
Where non-EU entities are involved, should additional requirements (such as EU establishment/presence) for those entities be introduced to facilitate the supervision of the transaction?
-Yes
-**No**
-Don’t know/No opinion/not applicable

Explanation:
As long as there are EU entities in a transaction that can be held accountable for meeting the SECR requirements, we do not see a need to impose an additional burden on the non-EU entities involved in the same transaction.
On the contrary, we would strongly advocate an approach where the non-EU entities would be allowed to report under their own standards as long as they provide information that is comparable, but not identical, to Art 7 disclosure.
If there are only non-EU entities involved, the transaction should not be eligible under the SECR rules.

Question 4.3:
In transactions where at least one, but not all sell-side entities (original lender, originator, sponsor or SSPE), is established in the EU:

A) Should only entities established in the EU be eligible (or solely responsible) to fulfil the risk retention requirement under Article 6?
-Yes
-**No**
-Don't know/No opinion/not applicable

Explanation:
In our view the Risk Retention can be held by a non-EU entity as long as there is an EU entity involved in the transaction that can be held accountable for the transaction meeting all SECR requirements (incl. Risk Retention)

B) Should the main obligation of making disclosures under Article 7 be carried out by one of the sell-side parties in the EU? In this case, should the sell-side party(ies) located in a third country be subject to explicit obligations under the securitisation contractual arrangements to provide the necessary information and documents to the party responsible for making disclosures?
-Yes
-No
-Don't know/**No opinion**/not applicable

Explanation:
On the 2 questions raised, we would answer the first with "yes": in line with our answers on other questions, we are of the opinion that an EU entity should be accountable for meeting the SECR requirements.
On the second question, we do not see the need for these contractual obligations, but are not opposed to them either.

C) Should the party or parties located in the EU be solely responsible for ensuring that the "exposures to be securitised" apply the same credit-granting criteria and are subject to the same processes for approving and renewing credits as non-securitised exposures in accordance with Article 9?
-**Yes**
-No
-Don't know/No opinion/not applicable

Explanation:
This is consistent with our view that EU parties should be held accountable for a transaction meeting the SECR requirements.

D) Should a reference to sponsors located in a third country be included in the due diligence requirements Article 5(1)(b) of the SECR? How could their adequate supervision be ensured?
-Yes
-**No**
-Don't know/No opinion/not applicable

Explanation:
Sponsors (especially of ABCP programmes) are not involved in the granting of credits, so we do not see the relevance of including them in Art 5(1)(b).

Question 4.4:
Should the current verification duty for institutional investors laid out in Article 5(1)(e) of the SECR be revised to add more flexibility the framework?
-**Yes**
-No
-Don't know/No opinion/not applicable

Explanation:
Institutional investors may not need all the information provided under Art 7 to perform their risk and structural assessment. So we would prefer to see Art 5(1)(e) being deleted.

If Yes, how to ensure that the ultimate objective of protecting EU institutional investors remains intact:
Institutional Investors are protected by the fact that Art 7 requires the sponsor, originator, SSPE to provide all the disclosure. It is up to the supervisor and not the institutional investor to check whether this requirement is met.

Question 4.5:
Should the SECR and the Alternative Investment Fund Managers Directive (AIFMD) be amended to clarify that non-EU AIFMs should comply with the due diligence obligations set out in Article 17 of the AIFMD and Article 5 of the SECR with respect to those AIFs that they manage and/or market in the Union?
-**Yes**
-No
-Don't know/No opinion/not applicable

Explanation:
This would increase protection for those investing in AIFs marketed by non-EU AIFMs in the Union.

Question 4.6:
Should the SECR be amended to clarify that sub-thresholds AIFMs fall within the definition of institutional investor thereby requiring them to comply with the due diligence requirements under Article 5 of the SECR? (The Alternative Investment Funds Managers Directive provides for a lighter regime for AIFMs whose AIFs under management fall below certain defined thresholds)
-Yes
-**No**
-Don't know/No opinion/not applicable

Explanation:
The threshold regime of the SECR should follow the AIFMD. The AIFMD should be leading. We see no reason why AIFMs investing in securitisations are any different from AIFMs not investing in securitisations.

Question 5.1:
Has the lack of recognition of non-EU STS securitisation impacted your company?
-Yes
-No
-Don't know/No opinion/**not applicable**

If yes, please provide a brief explanation how:

Question 5.2:
Should non-EU entities be allowed to issue an STS securitisation?
-**Yes**
-No
-Don't know/No opinion/not applicable

Please explain your answer. If you answered yes, how should the second sub-paragraph of Article 18, that requires that the originator, sponsor and SSPE involved in a securitisation considered STS shall be established in the Union, be revised?
STS intends to provide transparency and standardisation. If a transaction meets the equivalent of all the STS rules of the SECR, there should not be a reason to exclude it for jurisdictional reasons.
So we would propose to delete the second sub-paragraph of Art 18.

Question 5.3:
Should securitisations issued by non-EU entities be able to acquire the STS label under EU law?
-**Yes**, in case the securitisation is issued in a jurisdiction that has a regime declared to be equivalent to the EU STS regime;
-Yes, in another way, for example by other mechanisms used in financial services legislation like recognition or endorsement;
-No
-Don't know/No opinion/not applicable

Explanation:
STS is not about jurisdiction, but about transparency and standardisation. So any jurisdiction with equivalent requirements for transparency and standardisation should be eligible for STS qualification under the SECR.

Question 5.4:
Which considerations could be relevant to introducing any of the above mechanisms (e.g. equivalence/recognition/endorsement/other) and which could be the conditions attached to such mechanisms?
In order to prevent "STS-shopping", the requirements should be strict. So it should be more than just a regulation applying the more general requirements of STC, but rather a regulation that is more or less identical to STS.

Question 6.1:
Are there sufficiently clear parameters to assess the environmental performance of assets other than auto loans or mortgages?
-Yes, for all asset classes
-Yes, but only for some asset classes
-**No**
-Don't know/No opinion/not applicable

Question 6.2:
Should publishing information on the environmental performance of the assets financed by residential loans and auto loans and leases be mandatory?
-Yes, the information is currently available
-**Yes**, but with a transitional period to ensure the availability of information
-Yes, with a grandfathering arrangement for existing deals
-No
-Don't know/No opinion/not applicable

Question 6.3:
As an investor, do you find the information on environmental performance of assets valuable?
-Yes
-No
-Don't know/No opinion/**not applicable**

Describe the use you have made of it?

Question 6.4:
Do you think it is more useful to publish information on environmental performance or on adverse impact and why?
At asset level (house, car) it is more useful to publish environmental performance; adverse impact is better measured against company policies and strategies rather than at individual asset level.

Question 6.5 (a):
Do you agree that these asset specific disclosures should become part of a general sustainability disclosures regime as EBA is developing?
-Yes
-**No**
-Don't know/No opinion/not applicable

Question 6.5 (b):
Should ESG disclosures be mandatory for (multiple choice accepted):
-**Securitisation that complies with the EU green bond standard**
-**RMBS**
-**auto loans/leases ABS**

Question 6.6:
Have you issued or invested in a green or sustainable securitisation? If yes, how was the green/sustainability dimension reflected in the securitisation? (multiple choice accepted)
-Green or sustainable underlying assets
-Use of proceeds for green/sustainable projects. If so, please describe how the use of proceeds principle is applied
-Green/sustainable collateral AND use of proceeds for green/sustainable projects. If so, please describe how the use of proceeds principle is applied
-Other (please describe): **Not an issuer or investor**

Question 6.7:
According to the Commission proposal for a European green bond standard, a securitisation bond may qualify as EU green bond if the proceeds of the securitisation are used by the issuing special purpose vehicle to purchase the underlying portfolio of Taxonomy-aligned assets. Is there a need to adjust this EuGB approach to better accommodate sustainable securitisations or is there a need for a separate sustainable securitisation standard?
-Yes
-**No**
-Don't know/No opinion/not applicable

Explanation:
There is no need for a separate sustainable securitisation standard. Securitisations should be just like any other capital markets product be subject to the use of proceeds rules of the proposed EuGB .
Articulating additional requirements for securitisations would serve to curtail the securitisation market, but will not help to develop the green bond markets nor address the environmental issues that society is facing.

If yes, what should be the requirements for a securitisation standard:

Question 7.1:
Would developing a system of limited-licensed banks to perform the functions of SSPEs bring added value to the securitisation framework?
-Yes
-**No**
-Don't know/No opinion/not applicable

Question 7.2:
If you answered ***Yes*** to question 7.1, please specify what elements should such a system include?

Question 8.1:
Are emerging supervisory practices for securitisation adequate?
-Yes
-**No**
-Don't know/No opinion/not applicable

Question 8.2:
Have you observed any divergences in supervisory practices for securitisation?
-**Yes**
-No
-Don't know/No opinion/not applicable

Question 8.3:
If you answered ***Yes*** to question 8.2, please explain your answer:
We have noticed that certain Competent Authorities will review the appropriateness of STS for every transaction notified to them, while in other jurisdictions STS reviews are part of the overall review of an institution and consequently performed more randomly.

Question 8.4:
Should the Joint Committee develop detailed guidance (guidelines or regulatory technical standards) for competent authorities on the supervision of any of the following areas:

A) the due diligence requirements for institutional investors (Art 5)
-**Yes**
-No
-Don't know/No opinion/not applicable

Explanation:
As we understand from the JC Report on the Implementation and Functioning of the SECR, Competent Authorities have been missing resources and a specific supervisory framework/guidance for this task.
So detailed guidance might be welcome.

B) risk retention requirements (Art 6)
-Yes
-**No**
-Don't know/No opinion/not applicable

Explanation:
As long as the RTS on risk retention is still to be implemented, it would be very premature to start curing eventual problems.

C) transparency requirements (Art 7)
-Yes
-**No**
-Don't know/No opinion/not applicable

Explanation:
We see it as the task of ESMA to coordinate the supervision with the Competent Authorities. We do however strongly support the suggestions in the JC Report on the Implementation and Functioning of the SECR w.r.t. supervisory convergence and centralisation.

D) credit granting standards (Art 9)
-Yes
-**No**
-Don't know/No opinion/not applicable

Explanation:
Art 9 requires the credit granting standards for securitised exposures and other exposures to be the same; it is hard to imagine that Competent Authorities would need guidance to check this .

E) private securitisations
-**Yes**
-No
-Don't know/No opinion/not applicable

Explanation:
But issues addressed in Q 2.1-2.6 should first be addressed, before guidelines can be issued

F) STS requirements (Articles 18 – 26e)
-Yes
-**No**
-Don't know/No opinion/not applicable

Explanation:
More guidance given to the Competent Authorities is in our view not going to solve the problem of different interpretation between Competent Authorities.
What is needed is to centralize the supervision of the interpretation of STS criteria under one body that does not has to consult with all the individual Competent Authorities. As it works (or does not work) now, any interpretation question raised with EBA through the official Q&A route, has to be opined on by all Competent Authorities which implies that an answer takes at least one year to come back. This is obviously unworkable. Many transactions do not get done or do not get STS, because of this long processing time of Q&A's.

Question 8.5:
Are any additional measures necessary to make sure that competent authorities are sufficiently equipped to supervise the market?
-Yes
-**No**
-Don't know/No opinion/not applicable

Explanation:
All relevant issues have been addressed in the answers on Q 8.4.

Question 8.6:
[if you are a supervisor] Do supervisors consider the disclosure requirements (both the content and format) for public securitisations sufficiently useful?
-Yes
-No
-Don’t know/No opinion/**not applicable**

Explanation:

If no, how could they be improved

Question 8.7:
Do supervisors consider the disclosure requirements (both the content and format) for private securitisations sufficiently useful? If not, how could they be improved?
-Yes
-No
-Don’t know/No opinion/**not applicable**

Explanation:

If no, how could they be improved

Question 9.1 (a):
In your view, is the capital impact of the current levels of the (p) factor proportionate, having regard to the relative riskiness of each of the tranches in the waterfall, and adequate to capture securitisations’ agency and modelling risks?
-Yes
-**No**
-Don’t know/No opinion/not applicable

Question 9.1 (b):
If you would favour reassessing the current (p) factor levels, please explain why and what alternative levels for (p) you would suggest instead:
The (p) factor is designed to reflect agency and modelling risk in securitisations. However, STS is also designed to reduce/eliminate agency risk.
So for STS transactions we would suggest a (p) factor of max. 0.25 and for non-STS transactions a (p) factor of max. 0,5.
This would at least somewhat, but not fully, level the playing field.

Question 9.2:
Are current capital floor levels for the most senior tranches of STS and non-STS securitisations proportionate and adequate, taking into account the capital requirements of comparable capital instruments?
-Yes
-**No**
-Don’t know/No opinion/not applicable

Explanation:
In order to bring the treatment of senior STS securitisation tranches in line with Covered Bonds, as was the case before the introduction of the SECR, we would recommend to lower the floor for senior STS tranches from 10% to 7%.

Question 9.3:
Are there any alternative methods to the (p) factors and the capital floors to capture agency and modelling risk of securitisations that could be regarded as more proportionate?
Please provide evidence to support your responses to the above questions:
As stated under Q 9.1.b, agency risk (and to a certain extent also modelling risk) should be eliminated if sufficiently robust STS criteria would be applied.
In our view that is the case already. But if regulators would propose to drop the (p) factor and capital floors in exchange for a further tightening of STS criteria, it would certainly be something to seriously consider.

Question 10.1:
Do you think that the impact of the maturity of the tranche is adequate under the current framework?
-Yes
-**No**
-Don’t know/No opinion/not applicable

Explanation:
The maturity has a floor of 1 year and a cap of 5 years. However, the EBA guidelines on the determination of the WAM are rather conservative in their assumptions so for transactions with a maturity somewhere in between 1 and 5 years, the maturity to be applied in the framework may lead to relatively high capital charges.

Question 10.2:
Is there an alternative way of considering the maturity of the tranche within the securitisation framework?
-**Yes**
-No
-Don’t know/No opinion/not applicable

Explanation:
It is justified to consider maturity in the framework, as long the guidelines used for the determination of the WAM are in line with market practice; the current guidelines are designed for the purpose of restricting synthetic securitisation rather than having the intention to reflect market reality.

Question 11.1 (a):
Should STS securitisations be upgraded to level 2A for LCR purposes?
-**Yes**
-No
-Don’t know/No opinion/not applicable

Explanation:
It is essential for the success of STS that a level playing field is provided in the context of the LCR. Level 2A would still not bring securitisations at the level of covered bonds, but would at least partially bridge the gap.

Question 11.1 (b):
If you answered 'yes' to question 11.1(a), should specific conditions apply to STS securitisations as Level 2A assets to mitigate a potential concentration risk of this type of assets in the liquidity buffer.

Please support your arguments with evidence on the liquidity performance of STS securitisations or parts of the market thereof, providing in particular evidence of the liquidity of the asset in crisis times such as March 2020.

The concentration risk of Level 2A assets should not be different between asset categories, so the same concentration risk should apply to covered bonds and securitisations.

We also would argue that the specific 5 year maturity for securitisations required to be eligible for inclusion in the LCR should be dropped; we see no justification for this condition, which puts securitisation at an unnecessary disadvantage.

Liquidity of STS securitisations during the 2020 crisis (the only crisis since STS started) has been extremely good. In the 2008 crisis liquidity for all capital markets instruments was bad. Those instruments that benefitted from central bank purchase programmes (like coverd bonds) looked more liquid than those that had to survive without central bank support (like securitisations), but that difference was obviously artificial.

Question 11.2 (a):
Should ABCPs qualify as level 2B assets for LCR purposes?
-**Yes**
-No
-Don't know/No opinion/not applicable

Explanation:
Given the availability of 100% liquidity back-up lines provided by banks, ABCP should be similarly treated as bank paper.
And STS ABCP should qualify for level 2A treatment; but this first requires a more accommodating STS treatment for ABCP at programme level.

Question 11.2 (b):
Should specific conditions apply to ABCPs as level 2B assets for LCR purposes.

Please support your arguments with evidence on the liquidity performance of ABCPs, providing in particular evidence of the liquidity of the asset in crisis times such as March 2020.

The concentration risk of Level 2B assets should not be different between asset categories, so no specific conditions should apply to ABCP.

ABCP did not benefit from the presence of central bank purchase facilities, so the liquidity of ABCP in crisis cannot be compared with other products that did have central bank purchase facilities in support.

Question 12.1:
Do you agree with the allocation of the LTEL and UL to the tranches for the purposes of the SRT, CRT and PBA tests, as recommended in the EBA report?
-Yes
-**No**
-Don't know/No opinion/not applicable

Explanation:

Allowing originators to incorporate pro-rata to sequential triggers as well as defaults would have helped if UL had been more evenly distributed through time. However allocating all the UL in the final year of the transaction makes the mechanic very punitive for pro rata structures despite any triggered switch to sequential. We would therefore expect a more realistic approach of the UL distribution for this purpose.

The EBA guidelines on the WAM indicate that call options for synthetic securitisations should be considered when "the term and conditions of the transaction contains a positive incentive for the originator to call the transaction". Typically however transactions do not include such a positive incentive in order to let the originator call option not result in a maturity mismatch. But depending on the scenario modelled it may or may not be beneficial for the originator to exercise the call option. For modelling purposes we would therefore expect to account for the call option only when it is favourable to the originator, in line with the optional feature.

Another concern is the different treatment of EEVES for traditional and synthetic securitisations in the different tests. Assuming the market test is met, for the CRT test ratio 2 for traditional securitisation EEVES reduces the total risk of the securitisation transaction (by reducing the denominator) which increases the ratio if a relatively large share of risk is absorbed by the excess spread. Structuring a protected tranche that absorbs hardly any risk is sufficient to pass this test, as long as the loss covered by the excess spread is sufficient. For synthetic securitisations having excess spread absorb losses is penalized since the absorbed losses remain part of the total risk considered in the securitisation transaction (denominator ratio 2), which should be compensated by a protected tranche that absorbs even more risk for the ratio 2 outcome to be high enough to pass the test. If for argument's sake we would consider a portfolio and look at both a synthetic and traditional securitisation with similar capital structures and a synthetic excess spread that is fixed on the predicted excess spread for the traditional transaction (i.e. the same for the liability model), an LTEL of 4%, UL of 4%, excess spread absorbing 7% and the junior tranche held by investors absorbing 1%, ratio 2 of the CRT test would result in:

- *Traditional: 1% / (4% + 4% - 7%) = 100%*
- *Synthetic: 1% / (4% + 4%) = 12.5%*

The CRT test in this example is therefore much easier met for a traditional transaction as opposed to a synthetic transaction although the structures are identical.

We understand that the fixed character of the synthetic excess spread creates uncertainty for the originator and may cause part of the losses not to be covered by the actual excess spread but by the originator itself. This aspect requires a conservative approach to the fixed synthetic excess spread that may be used in the transaction, but the currently proposed different treatment of excess spread for both types of transactions is disproportional, prevents a level playing field between two similar instruments and creates opposing incentives for these instruments.

Question 12.2:
What are your views on the application of Art. 252 of the CRR on maturity mismatches when a time call, or similar optional feature, is expected to happen during the life of the transaction?
In our view, the originator should be able to ignore maturity mismatches in case a time call meeting the conditions as proposed in the EBA Report is applied.
We also do not see the rationale to distinguish between traditional and synthetic securitisation transactions for this treatment.

Question 13.1:
What are your views on the EBA-recommended process for the assessment of SRT as fully set out in Section 5 of the EBA report on SRT?
We do support a fast-track approach, but contrary to the EBA proposal we would like to see all transactions that would meet the fast-track being clearly defined (repeat transactions, transactions that do not contain any new or non-standard features) in order to avoid the 3 months waiting period for these fast-track transactions.

Question 13.2:
Do you agree with the standardised list of documents that the EBA report on SRT recommended for submission to the competent authority for SRT assessment purposes?
We do agree with the list.

Question 13.3:
Once it has been established that the regulatory quantitative and qualitative criteria are met and transactions are in line with standard market practices, should a systematic ex-ante review be necessary?
-Yes
-**No**
-Don't know/No opinion/not applicable

Explanation:
In our view, an ex-ante review of a standard transaction should not be necessary. Ex-ante reviews should only be applied to complex and/or unusual transactions.

Question 13.4:
Should the ex-ante assessment by the Competent Authority be limited to complex transactions?
-**Yes**
-No
-Don't know/No opinion/not applicable

Explanation:
If the rules and criteria determining a standard transaction are sufficiently clear and met by the issuer, we see no reason why an ex-ante review would be needed. If EBA could develop guidelines for what makes a transaction standard, this could be helpful. It is essential for a good functioning of any capital market segment, that review periods (and especially 3 months periods) are as much as possible avoided, because they seriously affect the economic viability of transactions in markets where prices vary by the day (if not the hour).

Question 14.1:
Do you agree with the recommendations on amendments of the CRR as fully laid out in Section 6 of the EBA report on SRT?
-Yes
-**No**
-Don't know/No opinion/not applicable

Explanation:
Although we do agree with the idea to insert the SRT rules as much as possible in the CRR, there are several areas where we do not fully agree with the specific proposals in the EBA Report or would like to see refinements, including:
-the proposed tests, and especially the allocation of LTEL and UL (see Q 12.1)
-the treatment of the EEVES as a retained tranche for synthetic securitisation (although already incorporated in the level 1 text). As mentioned in our answer to Question 12.1 we expect a similar treatment between traditional and synthetic securitisations to ensure a level playing field. As is the case for the pre-securitisation situation, banks do not hold any capital for unearned future interest income and therefore do not expect to hold capital for this position post-securitisation.

Overall the combination of measures introduced are decreasing the likelihood of structuring an economically viable synthetic securitisation transaction, which remains an important tool for banks in order to mitigate risk and create capital relief. Although the incorporation of STS treatment for synthetic securitisations in the SECR is helpful, the anticipated introduction of capital output floors in the revised Basel III framework more than outweighs the capital reduction as a result of STS compliance for IRB portfolios. This is a result of a rather disproportionate increase of the RWAs ex-post by applying an output floor on SEC-SA as compared to the more limited increase ex-ante in RWAs (which will be relieved by means of these transactions) due to increased input and output floors of the underlying pools. These measures have a significant negative effect on the cost of capital of transactions.

Question 15.1:
Is there an appetite from insurers to increase their investments in securitisation (whether a senior tranche, mezzanine tranche, or a junior tranche)?
-**Yes**
-No
-Don't know/No opinion/not applicable

Question 15.2:
Is there anything preventing an increase in investments in securitisation by insurance companies?
-**Yes**
-No
-Don't know/No opinion/not applicable

Explanation:
The current Solvency II rules are punitive from a capital perspective; it is much more attractive for insurance companies to invest in a whole loan portfolio than in the AAA tranche of a securitisation of similar loan collateral.
For SRT transactions, the requirement to have either a government guarantee or a fully cash collateralized protection in order to be STS eligible poses a hurdle for the traditional insurance protections.

Question 15.3:
Is the current calculation for standard formula capital requirements for spread risk on securitisation positions in Solvency II for the senior tranches of STS securitisations proportionate and commensurate with their risk, taking into account the capital requirements for assets with similar risk characteristics?
-Yes
-**No**
-Don't know/No opinion/not applicable

Please be specific in your reply and, where relevant, provide a comparison, including where appropriate with internal models and their relative impact on the share of securitisation investments:
As a trade organisation we do not have access to internal models.
We do however not see any rationale for the fact that the spread risk on senior STS positions is higher than the spread risk on loans or bonds

Question 15.4:
Is the current calculation for standard formula capital requirements for spread risk on securitisation positions in Solvency II for the non-senior tranches of STS securitisations proportionate and commensurate with their risk, taking into account the capital requirements for assets with similar risk characteristics?
-Yes
-**No**
-Don't know/No opinion/not applicable

Please be specific in your reply and, where relevant, provide a comparison, including where appropriate with internal models and their relative impact on the share of securitisation investments:

For a 5 year CQS 0 non-senior STS the spread risk is >3x the spread risk on a 5 year CQS 0 loan or bond. This is a highly unrealistic multiple.

Question 15.5:
Is the current calculation for standard formula capital requirements for spread risk on securitisation positions in Solvency II for non-STS securitisations proportionate and commensurate with their risk, taking into account the capital requirements for assets with similar risk characteristics?
-Yes
-**No**
-Don't know/No opinion/not applicable

Please be specific in your reply and, where relevant, provide a comparison, including where appropriate with internal models and their relative impact on the share of securitisation investments:
For a 5 year CQS 0 non-STS securitisation position the spread risk is >13x the spread risk on a 5 year CQS 0 loan or bond. This is a highly unrealistic multiple.

Question 15.6:
Should Solvency II standard formula capital requirements for spread risk differentiate between mezzanine and junior tranches of STS securitisations?
-Yes
-No
-Don't know/**No opinion**/not applicable

Explanation:
This question can only be answered if there is an indication of the applicable spread risks. At current spread risk levels, mezzanine and junior tranches are unattractive investments from a spread risk point of view anyway. Differentiation is not going to solve this problem. However, if spread levels are calibrated at realistic levels, differentiation would certainly be welcome.

Question 15.7:
Should Solvency II standard formula capital requirements for spread risk differentiate between senior and non-senior tranches of non-STS securitisations?
-Yes
-No
-Don't know/**No opinion**/not applicable

Explanation:
This question can only be answered if there is an indication of the applicable spread risks. At current spread risk levels senior and non-senior tranches are unattractive investments from a spread risk point of view anyway. Differentiation is not going to solve this problem. However, if spread levels are calibrated at realistic levels, differentiation would certainly be welcome.