

Position Paper

Key points on STS securitisation

As a part of the CMU, the Commission has proposed two regulations on securitisation:

1. A Securitisation Regulation, including a new framework for simple, transparent and standardised (STS) securitisations
2. An amendment to the Capital Requirements Regulation (CRR) which includes a more risk-sensitive capital treatment of STS securitisations as well as certain senior positions in synthetic SME securitisations (art. 270)

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The aim of the legislative initiative is to revive securitisation markets in the EU, which have been subdued since the subprime crisis unlike American securitisation markets which have recovered. However, as pointed out by numerous public and private bodies, the losses from European securitisations were much lower than those from US securitisations.

At the same time, the Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO) are working on a framework for simple, transparent and comparable (STC) securitisation. Although similar to the STS proposal from the EU, there are certain key differences in the STC framework, for example regarding the eligibility of ACBP and synthetic securitisations. It is likely that the EU STS framework will be finalized and enter into force before the BCBS STC framework.

Our position

We fully support the initiative to develop a framework for STS securitisation which could help to increase growth and create jobs in the EU. The STS framework will incentivize banks in the EU to increase lending to SMEs, especially in a future business environment where funding could become less prevalent. The STS designation will also ensure a broader investor base and encourage cross-border investments.

Furthermore, the Securitisation Regulation will consolidate much of the legislation regarding securitisations in a single legal act, thus ensuring simplifi-

cation, consistency and legal certainty while avoiding overlapping requirements and definitions.

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In our view, what is essential for the revival of the securitisation markets in the EU is capital relief. The suggested amendments to the CRR are certainly a step in the right direction. However, more ambitious capital relief as well as incorporation of the STS framework in the liquidity coverage ratio (LCR), and a preferential treatment for STS securitisations when calculating leverage ratio would further encourage issuance of high quality securitisations.

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We support the eligibility of asset-backed commercial paper (ABCP) as STS as well as the proposed capital relief for certain synthetic securitisations. The possibility of including simple, transparent and standardised synthetic securitisations in the STS framework at a later stage, as suggested in the Council presidency compromise text, would also be very positive. (According to art. 29a the EBA and the Commission shall publish reports on the eligibility of synthetic securitisations as STS by 6 months and 1 year, respectively, after the Securitisation Regulation has entered into force.)

Since securitisation markets are global, it is also crucial that EU legislators and stakeholders work diligently to avoid divergence between the STS framework and the BCBS framework for STC securitisations.