

General Comments

Volkswagen Financial Services is one of the most important issuer of Auto-ABS in the European Market. We have constructively supported the EU's regulation of the securitisation market in the past and thus, we are glad to participate in the EU Commissions' targeted consultation on the functioning of the EU securitisation framework. For us, this is a good opportunity to share our views of and experiences with the current regulatory framework as well as to comment on the state of the European securitisation market from an issuers' perspective.

First of all, we welcome the EU Commissions' initiative to assess to what extent the original policy objectives – namely supporting the EU securitisation market – have been achieved or if there is a necessity for further adjustments.

Compared to the US securitisation market, the European securitisation market has always been safe for investors. From our point of view, there was no need for a revival of a safer securitisation market. Also, we argue that there has never been a stigma towards investors in Auto ABS. Therefore, we do not see the need to reduce a stigma. However, we are aware that the situation might be different for investors in securitisations other than Auto ABS.

In assessing the overall goal of the regulation framework, however, we would like to point out that for ABS, regulatory requirements are still less favourable than for comparable products such as covered bonds or even riskier products such as corporate bonds.

The aim of the current assessment should be to:

- Reduce capital requirements for Auto-ABS: As part of the STS-regulation, capital requirements for European securitisation have been raised. At the same time, the implementation of the Basel requirements lead to lower capital requirements for US securitisation, further penalising the high-quality securitisation particularly in the European Auto-ABS market although there have not been any losses or defaults in this segment.
- We would furthermore strictly encourage a revision of the LCR treatment of Auto ABS bonds, as these are less favourable compared to other instruments (e.g. Covered Bonds), despite the strong regulation and the excellent performance of European Auto ABS securitisations.
- Improve deal economics particularly by reducing operational costs: Even for us as repeat issuer, initial set-up costs are still very high.
- Single Source of Truth: We advocate for abolishing double and triple reporting requirements to different authorities (ECB, ESMA ...)
- Discontinuation of loan-level-data: As to our knowledge, the European Data Warehouse is hardly used by investors (or authorities for that matter).
- Legal certainty
- Maintaining the full deduction method under Art. 244 (1)(b) CRR
- Maintaining the third party verification. This is of high value for us and our investors.