

To:

EUROPEAN COMMISSION

Directorate-General for Financial Stability,
Financial Services and Capital Markets Union

Milan, 4 December 2024

Re: Targeted consultation on the functioning of the EU securitisation framework – Comments from the Italian Private Banking Association (AIPB)

Dear Sirs,

We welcome the opportunity to contribute to the European Commission’s consultation on the functioning of the EU securitisation framework based on the consultation document published on 9 October 2024 (the “**Consultation Document**”).

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General Remarks

As highlighted by the European Commission, the consultation was initiated with a view to relaunching the securitisation as a means of strengthening the lending capacity of European banks, creating deeper capital markets, building the European savings and investment union and increasing the EU’s competitiveness.

We believe that the private banking industry could play a material role in the achievement of these goals. Notwithstanding the approval of the STS Regulation, a negligible portion of the investment portfolio of private banking customers is represented by asset-backed securities. This situation is due to several factors, including also the regulatory framework – which limits the marketing of asset-backed securities to retail clients, including those benefitting from portfolio management of investment advisory services in accordance with the MiFID2 framework.

The obstacles to the marketing of asset-backed securities should accordingly be removed, also in consideration of the enhanced investor protection rules that will come into force in the context of the so-called “Retail Investment Strategy”. Member States should be prevented from imposing additional requirements to the marketing of asset-backed securities to investors (including those qualifying as retail clients under the MiFID2).

Main Comments

Below we set out our main comments to the Consultation Document – in addition to the other comments shared in the context of the consultation:

1. **Marketing to Retail Investors**

The STS Regulation currently provides that the seller of a securitisation position may not sell such a position to a retail client unless certain conditions are fulfilled – *i.e.* the seller must perform a suitability assessment in accordance with the MiFID, the outcome of this assessment is positive and is communicated to the client.

If the above conditions are fulfilled but the client’s portfolio of financial instruments does not exceed Euro 500,000, the retail client cannot invest an aggregate amount exceeding 10% in securitisation positions, and the initial minimum amount of the investment must be equal to at least Euro 10,000.

The above restrictions were aligned to the framework set out under the ELTIF Regulation, which was however reviewed in the context of the ELTIF 2.0 amendments.

We believe that the same approach should now be taken with respect to the marketing of securitisation positions to retail investors.

The limits provided for in the STS Regulation (as well as in the ELTIF Regulation before the amendments entered into force in January 2024) have proven to be unsuccessful to protect the interests of retail clients, and have significantly limited the marketing of securitisation positions to this type of investors.

The seller of securitisation positions should be allowed to sell such positions to retail clients, provided that the instruments are purchased in the context of the provision of investment advice or portfolio management services in compliance with the MiFID2 framework. The provision of such services ensures that a suitability test is performed by the investment firm as regards the investment in the securitisation position.

We don’t see any need to introduce further requirements in this respect. Furthermore, we would propose that the EU securitisation framework clearly specifies that Member States are prevented to introduce additional limitations to the marketing of securitisation positions to retail investors.

For instance, under Italian law another limitation to the structuring of retail securitisations is represented by the obligation to obtain a rating from a credit rating agency in order for the instruments to be marketed to retail investors.¹

These additional obstacles should be removed if the intention is to foster the market for European securitisations.

2. Simplified Disclosure

Another aspect that should be reviewed under the new securitisation framework is represented by the disclosure obligations.

While transparency is critical to investor confidence, retail investors face challenges interpreting the extensive and technical disclosures required under the current framework. We propose a tailored approach to disclosures for retail-targeted STS instruments. Simplified disclosures would empower retail investors to make informed decisions without being overwhelmed by technical complexities.

3. Due Diligence Requirements

¹ Article 2, para. 4, of the Italian Securitisation Law (Law No. 130/1999) provides that “*if the securitisation positions are offered to non-professional investors, the transaction must be subject to rating by a third party*”. As a matter of fact, this provision represents a significant hurdle to the structuring of retail securitisations in Italy.

The STS Regulation introduces stringent due diligence requirements in respect of securitisation transactions. These investigations turn out to be very complex and expensive, thereby limiting the attractiveness of securitisation transactions.

These requirements should be reviewed and made more flexible. They could also be derogated in case of “private” transactions offered to a limited number of professional investors.

4. Prudential Recalibration

The current prudential requirements may limit the structuring of securitisation transactions. The prudential requirements for banks and investment firms holding securitisation positions should be reviewed in order not to make these instruments too burdensome from a regulatory capital standpoint.

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Who we are

The Italian Private Banking Association (AIPB) represents a broad group of private banking institutions and wealth managers across Italy. Our mission is to support the financial well-being of individuals and families by fostering access to diverse investment opportunities, promoting market innovation, and advocating for regulatory policies that enhance the competitiveness of our sector.

We are available for further dialogue and welcome the opportunity to discuss these proposals in greater detail.

Yours faithfully,

AIPB