

We would like to submit the following response to the Commission's consultation on the EU Securitisation Framework.

1. Effectiveness of the securitisation framework

1.1. Do you agree that the securitisation framework (including the Securitisation Regulation and relevant applicable provisions of the CRR, Solvency II and LCR) has been successful in, or has contributed to, achieving the following objectives:

	Fully agree	Somewhat agree	Neutral	Somewhat disagree	Fully disagree	No opinion
1. Revival of a safer securitisation market						
2. Improving financing of the EU economy by creating a more balanced and stable funding structure of the EU economy						
3. Weakening the link between banks' deleveraging needs and credit tightening						
4. Reducing investor stigma towards EU securitisations						
5. Removing regulatory disadvantages for simple and transparent securitisation products						
6. Reducing/eliminating unduly high operational costs for issuers and investors						
7. Differentiating simple, transparent and standardised (STS) securitisation products from more opaque and complex ones						
7.1 Increasing the price difference between STS vs non-STS products						
7.2 Increasing the growth in issuance of STS vs non-STS products						
8. Supporting the standardisation of processes						

and practices in securitisation markets						
8.1 Increasing the degree of standardisation of marketing and reporting material						
8.2 Reducing operational costs linked to standardised securitisation products						
9. Tackling regulatory inconsistencies						

2. Impact on SMEs

2.1. Have you come across any impediments to securitise SME loans or to invest in SME loan securitisations?

- Yes
- No
- No opinion

Please explain.

.....

2.2. How can securitisation support access to finance for SMEs?

.....

3. Scope of application of the Securitisation Regulation

Jurisdictional scope

3.1. In your opinion, should the current jurisdictional scope of application of the SECR be set out more clearly in the legislation?

- Yes
- No
- No opinion

Please explain.

.....

3.2. **If you answered yes to question 3.1**, do you think it would be useful to include a specific article that states that SECR applies to any securitisation where at least one party (sell-side or buy-side) is based or authorised in the EU, and to clarify that the EU-based or EU-authorised entity(ies) shall be in charge of fulfilling the relevant provisions in the SECR?

- Yes

- No
- No opinion

Please explain.

.....

Legal definition

3.3. Do you think the definition of a securitisation transaction in Article 2 of SECR should be changed? You may select more than one option.

- Yes, the definition should be expanded to include transactions or vehicles that could be considered securitisations from an economic perspective;
- Yes, the definition should be narrowed to exclude certain transactions or introduce specific exceptions;
- No, it should not be changed;
- No opinion.

Please explain and specify, if necessary, how the definition should be expanded or narrowed in your view.

.....

3.4. Should the definition of a securitisation exclude transactions or vehicles that are derisked (e.g. by providing junior equity tranche) by an EU-level or national institution (e.g. a promotional bank) with a view to crowding-in private investors towards public policy objectives?

- Yes
- No
- No opinion

.....

3.5. If you answered yes to question 3.4., what criteria should be used to define such transactions?

.....

Definition of a sponsor

3.6. Should the definition of a sponsor be expanded to include alternative investment firm managers established in the EU?

- Yes
- No
- No opinion

Please explain, including if the definition should be expanded to any other market participants.

.....

3.7. If you answered yes to question 3.6., are any specific adaptations or safeguards necessary in the Alternative Investment Firms Directive (AIFMD13), taking into account the originate-to-distribute

prohibition in the AIFMD, to enable AIFMs to fulfil the functions of a sponsor in a securitisation transaction, as stipulated in the SECR? You may select more than one option.

- An AIFM should not sponsor loans originated by the AIFs it manages
- AIFs should not invest in securitisations sponsored by its AIFM
- Minimum capital requirements under the AIFMD should be adapted to enable AIFMs, in particular to fulfil the risk retention requirement under SECR
- Other safeguards
- No safeguards are needed

Please explain your answer.

.....

4 Due diligence requirements

4.1. Please provide an estimate of the total annual recurring costs and/or the average cost per transaction (in EUR) of complying with the due diligence requirements under Article 5.

Please differentiate between costs that are only due to Article 5 and the costs that you would incur during your regular due diligence process regardless of Article 5.

Please compare the total due diligence costs for securitisations with the total due diligence costs of other instruments with similar risk characteristics.

.....

4.2. If possible, please estimate the total one-off costs you incurred (in EUR) to set up the necessary procedures to comply with Article 5 of SECR.

.....

4.3. Please select your preferred option to ensure that investors are aware of what they are buying and appropriately assess the risks of their investments.

- Option 1: The requirements should be made more principles-based, proportionate, and less complex;
- Option 2: The requirements should be made more detailed and prescriptive for legal certainty;
- Option 3: There is no need to change the text of the due diligence requirements;
- No opinion

.....

Due diligence requirements prior to holding a securitisation position

4.4. Should the text of Article 5(3) be simplified to mandate investors to assess at minimum the risk characteristics and the structural features of the securitisation?

- Yes
- No
- No opinion

Please explain.

.....

4.5. If you answered yes to question 4.4., please specify how this could be implemented.

.....

4.6. Taking into account your answer to 4.4, what would you estimate to be the impact (in percent or EUR) of such a modification in Article 5(3) on your one-off and annual recurring costs for complying with the due diligence requirements under Article 5?

Please explain.

.....

4.7. Should due diligence requirements differ based on the different characteristics of a securitisation transaction?

- Yes
- No
- No opinion

.....

4.8. If you answered yes to question 4.7., please select one or more of the following options to differentiate due diligence requirements:

- Due diligence requirements should differ based on the risk of the position (e.g. senior vs non-senior)
- Due diligence requirements should differ based on the risk of the underlying assets
- Due diligence requirements should differ based on the STS status of the securitisation (STS vs non-STs)
- Other

Please explain your answer.

.....

4.9. Taking into account your answers to 4.7 and 4.8, what would you estimate to be the impact (in percent or EUR) of differentiating due diligence requirements on your one-off and annual recurring costs for complying with the due diligence requirements under Article 5?

Please explain your answer.

.....

4.10. For EU investors investing in securitisations where the originator, sponsor or original lender is established in the Union and is the responsible entity for complying with those requirements, should certain due diligence verification requirements be removed as the compliance with these requirements is already subject to supervision elsewhere? This could apply to the requirements for investors to check whether the originator, sponsor or original lender complied with:

(i) risk retention requirements,

- Yes

- No
- No opinion

(ii) credit granting criteria requirements,

- Yes
- No
- No opinion

(iii) disclosure requirements,

- Yes
- No
- No opinion

(iv) STS requirements, where the transaction is notified as STS

- Yes
- No
- No opinion

Please explain if you see any risks arising from the removal of these requirements, and if so, how they should be mitigated.

.....

4.11. Taking into account your answers to Q.4.10, what would you estimate to be the impact (in percent or EUR) of removing those obligations on your one-off and recurring costs for complying with the due diligence requirements?

Please explain.

.....

4.12. Do the due diligence requirements under Article 5 disincentivise investing into securitisations on the secondary market?

- Yes
- No
- No opinion

Please explain.

.....

4.13. If you answered yes to question 4.12., should investors be provided with a defined period of time after the investment to document compliance with the verification requirements as part of the due diligence requirements under Article 5?

- Yes
- No
- No opinion

.....

4.14. If you answered yes to question 4.13., how many days should be given to investors to demonstrate compliance with their verification requirements as part of the due diligence requirements under Article 5?

- 0 – 15 days
- 15 – 29 days
- 29 – 45 days
- No opinion

.....

4.15. If you answered yes to question 4.13., what type of transactions should this rule apply to?

.....

4.16. Do the due diligence requirements under Article 5 disincentivise investing into repeat securitisation issuances?

- Yes
- No
- No opinion

.....

4.17. If you answered yes to question 4.16., how should repeat or similar transactions be identified in the legal text and how should the respective due diligence requirements be amended?

.....

4.18. Should Article 32(1) be amended to require Member States to lay down rules establishing appropriate administrative sanctions, in the case of negligence or intentional infringement, and remedial measures in case institutional investors fail to meet the requirements provided for in Article 5?

- Yes
- No
- No opinion

Please explain your answer.

.....

4.19. Taking into account the answers to the questions above on due diligence requirements, do you think any safeguards should be introduced in Article 5 to prevent the build-up of financial stability risks?

.....

4.20. Taking into account your answers to the previous questions in this section, by how much would these changes impact the volume of securitisations that you invest in?

.....

4.21. If you are a supervisor, how would the changes to the due diligence requirements suggested in the previous questions affect your supervisory costs?

.....

Delegation of due diligence

4.22. Should the National Competent Authorities (NCAs) continue to have the possibility to apply administrative sanctions under Article 32 and 33 of SECR in case of infringements of the requirements of Article 5 SECR to either the institutional investor or the party to which the institutional investor has delegated the due diligence obligations?

- Yes
- No
- No opinion

Please explain your answer.

.....

4.23. If you answered no to question 4.22, which party should be subject to administrative sanctions in case of infringement of the due diligence requirements?

- the institutional investor
- the party to which the institutional investor has delegated the due diligence obligations

.....

5. Transparency requirements and definition of public securitisation

5.1. Please provide an estimate of the total annual recurring costs and/or the average cost per transaction (in EUR) of complying with the transparency regime under Article 7.

Please differentiate between costs that are only due to Article 7 and costs that you would incur during your regular course of business regardless of Article 7.

Please compare the total transparency costs for securitisations with the total transparency costs of other instruments with similar risk characteristics.

.....

5.2. If possible, please estimate the total one-off costs you incurred (in EUR) to set up the necessary procedures to comply with Article 7 of SECR.

.....

5.3. How do the disclosure costs that you provided in 5.1. compare with the disclosure costs for other instruments with similar risk characteristics?

- Significantly higher (more than 50% higher)
- Moderately higher (from 10% to 49% higher)
- Similar
- Moderately lower (from 10% to 49% lower)
- Significantly lower (more than 50% lower)

Please explain your answer.

.....

5.4. Is the information that investors need to carry out their due diligence under Article 5 different from the information that supervisors need?

- Significantly different
- Moderately different
- Similar

Please explain your answer.

.....

5.5. To ensure that investors and supervisors have sufficient access to information under Article 7, please select your preferred option below.

Option 1:

- Streamline the current disclosure templates¹⁶ for public securitisations
- Introduce a simplified template for private securitisations and require private securitisations to report to securitisation repositories (this reporting will not be public)

Option 2:

- Remove the distinction between public and private securitisations.
- Introduce principles-based disclosure for investors without a prescribed template.
- Replace the current disclosure templates with a simplified prescribed template that fits the needs of competent authorities with a reduced scope/reduced number of fields than the current templates.

Option 3: No change to the existing regime under Article 7.

.....

5.6. If you are a supervisor, what impact (in percent or EUR) would you anticipate Option 1 would have on your supervisory costs?

.....

5.7. Assuming that transparency requirements are amended as suggested in Option 1, by how much would the volume of securitisations that you issue, or invest in, change?

.....

5.8. What impact (in percent or EUR) would you anticipate Option 1 would have on your one-off and annual recurring costs for complying with the transparency requirements in Article 7?

Please explain your answer.

.....

5.9. Do you see any concerns, impediments, or unintended consequences from requiring private securitisations to report to securitisation repositories?

- Yes
- No
- No opinion

Please explain your answer.

.....

5.10. Under Option 1, should the current definition of a public securitisation be expanded to a securitisation fulfilling any of the following criteria: (1) a prospectus has been drawn up in compliance with the EU Prospectus Regulation; or (2) notes were admitted a trading venue; or (3) it was marketed (to a broad range/audience of investors) and the relevant terms and conditions are non-negotiable among the parties?

- Yes
- No
- No opinion

Please explain your answer.

.....

5.11. **If you answered yes to question 5.10.**, what criteria should be used to assess point (3) in the definition above (i.e. a securitisation marketed (to a broad range/audience of investors) and the relevant terms and conditions are non-negotiable among the parties)?

.....

5.12. If the definition of a public securitisation is expanded (for example, to encompass securitisations fulfilling the criteria set out in question 5.10), what share of your existing private transactions would now fall under this newly-expanded public definition?

.....

5.13. Under Option 1, what would you estimate to be the impact (in percent or EUR) of changing the definition of public securitisation on your one-off and annual recurring costs for complying with Article 7?

Please explain your answer.

.....

5.14. Assuming that transparency requirements are amended as suggested in Option 2, by how much would the volume of securitisations that you issue, or invest in, change?

.....

5.15. What impact (in percent or EUR) would you anticipate Option 2 would have on one-off and annual recurring costs for complying with the transparency requirements in Article 7?

Please explain your answer.

.....

5.16. Under Option 2, what should be included in the principle-based disclosure requirements for investors to reduce compliance costs while ensuring access to information?

How should investors access this information?

Please explain your answer, listing all relevant information that you think investors need to do proper due diligence that could be common across all securitisations.

.....

5.17. Under Option 2, should intra-group transactions, and securitisations below a certain threshold, be excluded from the reporting requirements in Article 7?

- Yes
- No
- No opinion

Please explain your answer. If you answered yes, how should intragroup transactions be defined and how should the threshold be determined?

.....

5.18. Under Option 2, what would be the impact (in percent or EUR) on your one-off and annual recurring costs for complying with the transparency requirements of excluding intra-group transactions and securitisations below a certain threshold from the reporting requirements in Article 7? Please explain your answer.

.....

5.19. Should the text of Article 7 of the SECR explicitly provide flexibility for reporting on the underlying assets at aggregated level?

- Yes
- No
- No opinion

.....

5.20. **If you answered yes to question 5.19.**, which categories of transactions should be allowed to provide reporting only at aggregated level? You may select more than one option.

- Granular portfolios of credit card receivables
- Granular portfolios of trade receivables
- Other

If you chose “other”, please explain.

.....

5.21. If you are a supervisor, what impact (in percent or EUR) would you anticipate Option 2 would have on your supervisory costs?

.....

6. Supervision

6.1. Have you identified any divergencies or concerns with the supervision, based on the current supervisory set up?

- Yes
- No
- No opinion

Please explain and give specific examples.

.....

6.2. Would you see merit in streamlining supervision to ensure more coordination and supervisory convergence?

- Yes
 - No
 - No opinion
-

6.3. If you answered yes to question 6.2., what should be the scope of coordinated supervision?

- STS securitisations only
 - All securitisations
 - Other (please specify)
-

6.4. If you answered yes to question 6.2., what should be the supervisory tasks of coordinated supervision?

- Compliance with Securitisation Regulation as a whole
 - Compliance only with STS criteria
 - Compliance with Securitisation Regulation and prudential requirements for securitisation
 - Other (please specify)
-

6.5. If you answered yes to question 6.2., which model would you prefer?

- Setting up supervisory hubs
- Having one national authority as lead coordinator in the case of one issuance involving multiple supervisors

- Another arrangement (please specify)

Please explain your answer.

.....

6.6. If you answered yes to question 6.2, would you require participation by all NCAs or only some?

- All
- Some
- No opinion

.....

6.7. If you answered “Some” to 6.6., based on what criteria would you select NCAs? Please specify.

.....

6.8. If you are a supervisor, how would the changes to supervision suggested in the previous questions affect your supervisory costs?

.....

7. STS standard

7.1. Do you think that the STS label in its current form has the potential to significantly scale up the EU securitisation market?

- ~~Yes~~
- **No**
- ~~No opinion~~

Please explain.

Due to the burdensome number of STS criteria to be fulfilled and the constraining effect on some of these criteria the STS label has not had the desired effect of scaling up the securitisation market.

7.2. Which of the below factors, if any, do you consider as holding back the expansion of the STS standard in the EU? You may select more than one option.

- **Overly restrictive and costly STS criteria**
- ~~Low returns~~
- **High capital charges**
- ~~LCR treatment~~
- ~~Other~~

Please explain.

For restrictive STS criteria please see our answer under 7.1. The capital charges for transactions fulfilling all STS criteria are especially for low RW assets with 10% RW floor on the senior tranche still too high to be attractive for originators in terms of cost of capital. We refer to the arguments

in the Paris Europlace paper from September 2024 (How can securitisation contribute to the financing of the EU agenda, chapter 2)

7.3. How can the attractiveness of the EU STS standard be increased, for EU and non-EU investors?

.....

STS criteria

7.4. In the case of an unfunded credit protection agreement¹⁸ agreement where the protection provider provides no collateral to cover his potential future liabilities, should such an agreement be eligible for the STS label, to facilitate on-balance-sheet STS securitisations?

- Yes
- No
- No opinion

We refer and are fully agreeing to the following Paris Europlace response to the present European Commission Consultation.

7.5. If you answered yes to question 7.4., what safeguards should be put in place to prevent the build-up of financial stability risks arising from the provision of unfunded credit protection?

- The protection provider should meet a minimum credit rating requirement.
- The provision of unfunded credit protection by the protection provider should not exceed a certain threshold out of their entire business activity.
- Other

Please explain.

We refer and are fully agreeing to the following Paris Europlace response to the present European Commission Consultation.

7.6. What would be the implications for EU financial stability of allowing unfunded credit protection to be eligible for the STS label and the associated preferential capital treatment?

The allowance of unfunded credit protection to be eligible for STS would in our view considerably increase STS issuances and thus the intended effect of scaling up the EU securitisation market thanks to the widening of the available investor base for STS transactions.

7.7. How would allowing unfunded credit protection to be eligible for the STS label and the associated preferential capital treatment impact EU insurers' business model of providing credit protection via synthetic securitisation (for example, would EU insurers account such transactions as assets or as liabilities)?

Please explain your answer.

7.8. If you are an originator, what impact on the volume of on-balance-sheet securitisations that you issue do you expect to see if unfunded credit protection becomes eligible for the STS label and the associated preferential capital treatment?

Our bank expects at least a doubling of its SRT transactions issuance per year if unfunded credit protection becomes eligible for STS.

7.9. If you answered no to question 7.4., do you see merit in expanding the list of eligible highquality collateral instruments in Article 26e(10) to facilitate on-balance-sheet STS securitisations?

- Yes
- No
- No opinion

7.10. If you answered yes to question 7.9., which high-quality collateral instruments should be added to the list?

7.11. What would be the implications for EU financial stability of extending the list of high-quality collateral arrangements under Article 26e(10)?

7.12. Do the homogeneity requirements for STS transactions represent an undue burden for the securitisation of corporate loans, including SMEs? Please explain your answer.

Yes. Especially for smaller banks in our core markets (AUT and CEE) the available volume of loans to be securitised after applying the restrictive homogeneity requirements for STS transactions falls quickly below the minimum amount needed to execute an economic feasible transaction given the high absolute amount of fixed cost of setting-up and running the transaction as well as investor's minimum targeted investment amount.

7.13. Should the STS criteria (for traditional, asset backed commercial paper (ABCP) or on-balance sheet securitisation) be further simplified or amended? Please explain your answer and provide suggestions.

- Yes
- No
- No opinion

A reduction and amendment in terms of restrictiveness is required to revive the EU securitisation market.

Third-Party Verifiers (TPVs)

7.14. On a scale of 1 to 5 (1 being the least valuable), please rate the added value of TPVs in the STS securitisation market.

~~1/2/3/4~~ / 5

Please explain.

5

7.15. If you answered yes to **question 4.10.(iv)**, should the TPVs be supervised to ensure that the integrity of the STS standard is upheld?

- Yes
- No
- No opinion

Please explain your answer to the above, including where necessary whether TPVs should be supervised at EU level.

.....

7.16. To what extent would supervision of TPVs increase the cost of issuing an STS securitisation?

- To a large extent
- To a moderate extent
- Limited or no effect
- No opinion

Please explain your answer, and if available, estimate the total costs in EUR.

.....

8. Securitisation platform

8.1. Would the establishment of a pan-European securitisation platform be useful to increase the use and attractiveness of securitisation in the EU?

- Yes
- No
- No opinion

.....

8.2. If you answered yes to **question 8.1.**, which of the following objectives should be main objective(s) of the platform? You may select more than one option

- Create an EU safe asset
- Foster standardisation (in the underlying assets and in securitisation structures, including contractual standardisation)
- Enhance transparency and due diligence processes in the securitisation market

- Promote better integration of cross-border securitisation transactions by offering standardised legal frameworks
- Lower funding costs for the real economy
- Lower issuance costs
- Support the funding of strategic objectives (e.g. twin transition, defense, etc.)
- Other

Please explain how the platform could be designed to achieve the objectives that you selected in your answer to question 8.2.

.....

8.3. If you answered yes to question 8.1., how would access to a pan-European securitisation platform increase the use and attractiveness of securitisation in the EU?

.....

8.4. Should the platform target specific asset classes?

- Yes
- No
- No opinion

.....

8.5. If you answered yes to question 8.4., which asset classes should the platform target? Please provide a justification.

- SME loans
- Green loans (i.e. green renovation, green mobility)
- Mortgages
- Corporate loans
- Other

.....

8.6. Are guarantees necessary?

- Yes
- No
- No opinion

.....

8.7. If you answered yes to question 8.6., please explain who (private or public) would provide it and how you would design such a guarantee.

.....

8.8. What do you view as the main challenges associated with the introduction of such a platform in the EU, and how could these be managed?

.....

8.9. What key considerations need to be taken in designing a pan-European securitisation platform, for such a platform to be usable and attractive for originators and/or investors?

.....

8.10. Besides the creation of a securitisation platform, do you see other initiatives that could further increase the level of standardisation and convergence for EU securitisations, in a way that increases securitisation volumes but also benefits the deepening and integration of the market?

.....

9 Prudential and liquidity risk treatment of securitisation for banks

For all answers from 9.1 to 9.39 we agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.1. What concrete prudential provisions in the CRR have the strongest influence on the banks' issuance of and demand for those types of traditional, i.e. true sale, securitisation which involve the senior tranche being sold to external investors and not retained by the originator?

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.2. Please explain how possible changes in the prudential treatment would change the volume of the securitisation that you issue, or invest in (for the latter, split the rationale and volumes for different tranches).

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.3. Based on your answer to 9.1, please explain how possible changes in the prudential treatment could support the supply for and demand of SME and corporate exposure-based securitisation transactions.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.4. Does the prudential treatment of securitisation in the CRR appropriately reflect the different roles a bank can play in the securitisation chain, concretely the roles of originator (limb 'a' and limb 'b' of the definition of the originator in the Securitisation Regulation²¹), servicer and investor?

- Yes
- No
- No opinion

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.5. **If you answered no to question 9.4.**, please explain and provide suggestions for targeted amendments to more appropriately reflect the different roles of banks as originator, investor, and servicer.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.6. Have you identified any areas of technical inconsistencies or ambiguities in the prudential treatment of securitisation in the CRR (other than the 'quick fixes' identified by the ESAs in the report JC/2022/66) that could benefit from further clarification?

- Yes
- No
- No opinion

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.7. **If you answered yes to question 9.6.**, please explain and provide suggestions for possible clarifications.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.8. Are there national legislations or supervisory practices which in your view unduly restrict banks in their potential role as investor, originator, servicer or sponsor of securitisation transactions?

- Yes
- No
- No opinion

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.9. **If you answered yes to question 9.8.**, please explain and provide examples.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.10. How do banks use the capital and funding released through securitisation?

Please explain your answer and if possible, quantify how much of the released capital and funding is used for further lending to the EU economy.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

Risk weight floors

9.11. Do you agree that securitisation entails a higher structural model risk compared to other financial assets (loans, leases, mortgages) due to, for example, the inherent tranching? Please explain your answer.

- Yes
- No
- No opinion

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.12. Do you consider that scope and the size of the reduction of the risk weight floors, as proposed by the ESAs, is proportionate and adequate to reflect the limited model and agency risks of originators and improve the risk sensitivity in the securitisation framework, taking into account the capital requirements for other financial instruments?

- Yes
- No
- No opinion

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.13. If you answered no to question 9.12., should the scope and size of the reduction of the risk weight floors be amended?

For example, should it be extended to investors in a targeted manner (such as, for example, to investors in STS securitisations and under SEC-IRBA approaches only, to prevent discrepancies with the prudential treatment of covered bonds under the SA approach)?

Or, on the contrary, should the scope be reduced to only include originators who are servicing the underlying exposures?

Please justify your reasoning.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.14. Do you consider that the ESAs' proposed accompanying safeguard, with respect to the thickness of the sold non-senior tranches, is proportionate and adequate in terms of ensuring the resilience of the transactions?

- Yes
- No
- No opinion

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.15. If you answered no to question 9.14., please provide and explain alternative proposals to ensure a sufficient thickness of the sold non-senior tranches to justify a possible reduction of the risk-weight floor in an efficient and prudent manner.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.16. Do you consider that the other three safeguards as proposed by the ESAs (amortisation structure, granularity and, for synthetic securitisations only, counterparty credit risk) are proportionate and adequate in terms of ensuring the resilience of the transactions?

- Yes
- No
- No opinion

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.17. If you answered no to question 9.16., please provide and explain alternative proposals for safeguards that would effectively ensure the resilience of the transaction and would justify the reduction of risk-weight floors.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.18. If you answered no to question 9.16., as an alternative, instead of these three safeguards, taking into account the need to ensure simplicity, would it be preferable to limit the reduction of the risk weight floor to STS transactions only? Please explain.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.19. What would be the expected impact of a possible reduction of the risk weight floor on EU securitisation activity?

Please explain any possible impact on different types of securitisations (traditional securitisation, synthetic securitisation), from both supply and demand sides.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

The (p) factor

9.20. Do you consider that the current levels of the (p) factor adequately address structural risks embedded in securitisation, such as model risk, agency risk and to some extent correlation, as well as the cliff effects?

- Yes
- No
- No opinion

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.21. **If you answered no to question 9.20.**, please provide the justification, and provide quantitative and qualitative data, for whether and how the (p) factor overestimates the risks and inappropriately mitigates the cliff-effects, for specific types of securitisation exposures.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.22. Do you consider that potential targeted and limited reductions to the (p) factor may increase securitisation issuance and investment in the EU, while at the same time keeping the capitalisation of the securitisation tranches at a sufficiently prudent level?

- Yes
- No
- No opinion

Please explain your answer.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.23. **If you answered yes to question 9.22.**, what criteria should be considered when considering such targeted and limited reductions? You may select more than one option.

- Exposures held by originators versus investors
- Exposures in STS versus non-STS securitisations (beyond the differentiation already provided for in Article 260 and in Article 262 CRR)
- Exposures in senior versus non-senior tranches
- Exposures calculated under different capital approaches
- Other criteria

Please explain your answer.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.24. **As regards your answer to 9.22.**, please provide quantitative and qualitative data on the likely impact of possible targeted and limited reductions to the (p) factor as investigated above, in particular how such targeted reductions would avoid cliff effects and undercapitalisation of mezzanine tranches and, how they would not create incentives for banks to invest in mezzanine tranches.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.25. **As regards your answer to 9.22.**, please provide the data on how they would have a positive impact on the issuance of securitisation, the investments in securitisation, and the placement of securitisation issuances with external investors, for different types of securitisations (traditional securitisation, synthetic securitisation).

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.26. Do you consider that the current approach to non-neutrality of capital requirements as one of core elements of the securitisation prudential framework, leads to undue overcapitalisation (or undercapitalisation) of the securitisation exposures, in particular when compared to the realised losses and distribution of the losses across the capital structure (different tranches of securitisation) over a full economic cycle? Please explain your answer.

- Yes
- No
- No opinion

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.27. If you answered yes to question 9.26, please justify your reasoning and provide quantitative and qualitative data to show the extent of the undue non-neutrality (overcapitalisation or undercapitalisation), in particular when compared to the realised losses and distribution of the losses across the capital structure, taking into consideration the need to cover a full economic cycle.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.28. Based on your answer to 9.26., do you consider that alternative designs of the risk weight functions, such as an inverted S-curve, or introducing a scaling parameter to scale the KA25 downwards, within the current halfpipe design, as investigated in the Section 3.3.2 of the EBA report, have potential to achieve more proportionate levels of capital non-neutrality and capital distribution across tranches, address the potential cliff effects more appropriately and achieve prudential objectives?

- Yes
- No
- No opinion

Please explain your answer.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.29. If you answered yes to question 9.28, please specify the impact of such alternative design compared to the existing risk weight functions and explain an appropriate calibration of such alternative designs and possible safeguards for the measures to achieve prudential objectives.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

Significant risk transfer (SRT)

9.30. Do you agree with the conditions to be met for SRT tests as framed in the CRR (i.e. the mechanical tests - first loss and mezzanine tests, and the supervisory competence to assess the commensurateness of the risk transfer, as set out in Articles 244 and 245 of the CRR)?

Are the SRT conditions effective in ensuring a robustness and consistency of the 'significant risk transfer' from an economic perspective?

- Yes
- No
- No opinion

Please explain your answer.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.31. **If you answered no to question 9.30**, do you consider that the robustness and efficiency of the SRT framework could be enhanced by replacing the current mechanical tests with the PBA test? The PBA test could be based on the recommendations in the EBA report, while the recommendations on the allocation of losses to the tranches could be reconsidered.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.32. Do you consider the process of the SRT supervisory assessments to be efficient and adequate?

- Yes
- No
- No opinion

Please explain your answer.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.33. **If you answered no to question 9.32.**, please provide justifications and suggestions how the SRT assessment process could be improved further.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.34. Should the process of the SRT supervisory assessments be further specified at the EU level (e.g., in guidelines, based on a clear mandate in Level 1), or should it be rather left entirely to the competent authorities to set out their own process?

- Yes
- No
- No opinion

Please explain your answer.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.35. If you answered yes to question 9.34., please provide suggestions.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.36. If you are a supervisor, how would a change in the SRT regulatory framework (in particular on the SRT tests and the process of SRT supervisory assessments) impact your supervisory costs?

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

Transitional measure in Article 465(13) of the CRR

9.37. Do you consider that the transitional measure will remain necessary and should be maintained, in case of introduction of other changes to the prudential framework?

- Yes
- No
- No opinion

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.38. If you answered yes to question 9.37., please explain why and whether there are any alternative measures that could be more appropriate to achieve the original objective of the transitional measure.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

9.39. If you answered yes to question 9.37, do you consider that a potential targeted and limited reduction of the p-factor might affect the effectiveness of the transitional measure under the output floor?

- Yes
- No
- No opinion

Please explain your answer.

We agree and refer to the following Paris Europlace response to the present European Commission Consultation.

Liquidity risk treatment in the LCR Delegated Regulation

9.40. Does the liquidity risk treatment of the securitisation exposures under the LCR Delegated Regulation have a significant impact on banks' securitisation issuance and investment activities and on the liquidity of the securitisation market in the EU?

- Yes

- No
- No opinion

.....

9.41. **As regard to your answer to 9.40.**, please explain the impact on banks' issuance of securitisation, investment in securitisation, and relative importance of the liquidity treatment under the LCR in the activity of the primary and secondary securitisation markets.

.....

9.42. Do you consider that the existing liquidity risk treatment of securitisation, in particular in terms of credit quality steps (CQSs) and haircuts applied to securitisations eligible for Level 2B HQLA, are adequately reflecting the liquidity and stress performance of securitisations, across the full economic cycle, including in crisis conditions, and in comparison, with the treatment of other comparable financial instruments?

- Yes
- No
- No opinion

.....

9.43. **If you answered no to question 9.42.**, please justify your reasoning, providing quantitative and qualitative data on the impact, and provide suggestions for what you would consider as appropriate and justified treatment in terms of CQSs, haircuts and other relevant requirements, without endangering financial stability.

.....

9.44. With a change in the CQSs, haircuts and other relevant eligibility conditions to the Level 2B liquidity buffer, by how much would the volume of securitisations that you invest in, change?

.....

9.45. Have the senior tranches of the STS traditional securitisations reached a sufficient level of market liquidity and stress resilience based on historical data covering a full economic cycle, including crisis conditions, and are there any additional solid arguments that could justify their potential upgrade from the Level 2B to Level 2A HQLA?

- Yes
- No
- No opinion

Please explain your answer.

.....

9.46. If you answered yes to question 9.45., please provide arguments and data, that could justify the potential upgrade from Level 2B to Level 2A HQLA.

.....

9.47. Considering your answer to 9.46, with an upgrade of securitisations from Level 2B to Level 2A HQLA, by how much would the volume of securitisations that you invest in, change?

.....

9.48. Are there any impediments in the current liquidity framework that prevent or discourage banks from making a better use of their liquidity buffer capacity and from increasing their investments in securitisation exposures?

- Yes
- No
- No opinion

.....

9.49. If you answered yes to question 9.48, please specify what are the impediments and provide suggestions for targeted amendments to make the liquidity treatment more proportionate, without endangering financial stability.

Provide estimates of the potential additional volumes of securitisations that could be included in banks' liquidity buffers.

.....

10. Prudential treatment of securitisation for insurers

10.1. Is there an interest from (re)insurance undertakings to increase their investments in securitisation (whether a senior tranche, mezzanine tranche, or a junior tranche)?

- Yes
- No
- No opinion

.....

10.2. If you answered yes to question 10.1., please specify the segments of securitisations in which (re)insurers would be willing to invest more (in terms of seniority, true sale or synthetic nature, type of underlying assets, etc.) and describe the potential for increase in the share of securitisation investments in (re)insurers' balance sheet.

.....

10.3. Is there anything which in your view prevents an increase in investments in securitisation by (re)insurance undertakings?

- Yes

- No
- No opinion

Please explain your answer. If you mention prudential rules as part of your answer, please provide an estimate of the impact on the level of investments in securitisation, of the reduction of capital requirements for securitisation investments by a given percentage, e.g. 5% or 10%.

.....

10.4. Is Solvency II providing disincentives to investments in securitisation for insurers which use an internal model?

- Yes
- No
- No opinion

Please explain your answer, being specific in your reply.

.....

10.5. 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?

- Yes
- No
- No opinion

Please explain your answer, being 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.

If you consider calibrations inappropriate, please indicate what you would consider as 'appropriate' calibrations, as well as any data/evidence of historical spread behaviours that would justify your proposal.

.....

10.6. 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?

- Yes
- No
- No opinion

Please explain your answer, being specific in your reply, and, where relevant, provide a comparison, including, where appropriate, internal models and their relative impact on the share of securitisation investments.

If you consider calibrations inappropriate, please indicate what you would consider as 'appropriate' calibrations, as well as any data/evidence of historical spread behaviours that would justify your proposal.

.....

10.7. Is it desirable that Solvency II standard formula capital requirements for spread risk differentiate between mezzanine and junior tranches of STS securitisations?

- Yes
- No
- No opinion

Please explain your answer.

.....

10.8. **If you answered yes to question 10.7.**, please provide suggestions for calibrations of capital requirements for such mezzanine and junior tranches, including the data/evidence of historical spread behaviors backing such suggestions.

Please indicate how you would define the mezzanine tranche as well as the assumption (e.g. of thickness of the tranche) underlying your proposed calibration.

Please also indicate whether and why such introduction of a mezzanine calibration would be needed in Solvency II, even if no dedicated treatment for mezzanine tranches is introduced in EU banking regulation (CRR).

.....

10.9. 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?

- Yes
- No
- No opinion

Please explain your answer, being 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.

.....

10.10. Is there a specific sub-segment of non-STS securitisation for which evidence would justify lower capital requirements than what is currently applicable?

- Yes
 - No
 - No opinion
-

10.11. **If you answered yes to question 10.10.**, please specify the sub-segment of non-STS securitisations that you have in mind as well as its related capital requirement, including any evidence/data of historical spreads supporting your proposal.

.....

10.12. Is it desirable that Solvency II standard formula capital requirements for spread risk differentiate between senior and non-senior tranches of non-STS securitisations?

- Yes
- No
- No opinion

Please explain your answer, being specific in your reply.

.....

10.13. **If you answered no to question 10.12.**, please provide suggestions for calibrations of capital requirements for such senior and non-senior tranches, including the data/evidence backing such suggestions. Please also indicate whether you target a specific segment of non-STS securitisation.

.....

11. Prudential framework for institutions for occupational retirement provision (IORPs) and other pension funds

11.1. For the purpose of this section, please indicate whether you are an IORP, a non-IORP or another type of stakeholder.

- IORP
 - Nationally regulated pension fund not regulated by IORP II
 - Other
-

11.2. Is there an interest from IORPs and/or non-IORPs to increase their investments in securitisation (whether a senior tranche, mezzanine tranche, or a junior tranche)?

- Yes
 - No
 - No opinion
-

11.3. Please clarify whether your answer to question 11.2. concerns your own situation, or whether it is an assessment of a given national market (in which you operate for instance).

If you answered yes to question 11.2., please specify the segments of securitisations in which IORPs and/or non-IORPs would be willing to invest more (in terms of seniority, type of underlying assets, etc.) and describe the potential for increase in the share of securitisation investments in their balance sheet.

In addition, if your reply concerns or encompasses non-IORPs, please indicate i/ the number of non-IORP in your jurisdiction, ii/ the amount of assets under management and iii/ the type of pension business concerned, for which investment in securitisation would be interesting.

.....

11.4. Does the IORP II Directive contain provisions which in your view restrict IORPs' ability to invest in securitisation?

- Yes
- No
- No opinion

Please explain your answer.

.....

11.5. Are there national legislations or supervisory practices which in your view unduly restrict IORPs' and non-IORPs' ability to invest in securitisation?

- Yes
- No
- No opinion

Please explain your answer, as well as whether it applies to IORPs, non-IORPs, or both. Please be specific in particular where you refer to non-IORPs.

.....

11.6. Are there wider structural barriers preventing IORPs and non-IORPs from participating in this market?

- Yes
- No
- No opinion

Please explain your answer, as well as whether it applies to IORPs, non-IORPs, or both.

Please be specific in particular where you refer to non-IORPs.

.....

11.7. **If you answered yes to question 11.6.**, please explain how these barriers should be tackled? Please explain your answer, as well as whether it applies to IORPs, non-IORPs, or both. Please be specific in particular where you refer to non-IORPs

.....

12. Additional questions

12.1. What segments of the securitisation market have the strongest potential to contribute to the CMU objectives, and that should be the focus of any potential regulatory review? You may select more than one option.

- Traditional placed securitisation
- Synthetic securitisation
- SRT securitisation
- ABCP securitisation
- STS securitisation

- Non-STS securitisation
- Securitisation of SME and corporate exposures
- Securitisation of mortgages
- Securitisation of other asset classes
- Other

Please explain your answer.

.....

12.2. What are the principal reasons for the slow growth of the placed traditional securitisation (where the senior tranche is not retained, but placed with the market)?

Why do banks choose not to issue traditional securitisation for both funding and capital relief? You may select more than one option.

- Interest rate environment
- Low returns
- Operational costs
- High capital charges
- Difficulty in placing senior tranches
- Significant Risk Transfer process
- Preference for alternative instruments for funding
- Prefer to retain to keep the client relationships
- Prefer to retain to keep the revenue from the underlying assets
- Prefer to retain to access central bank liquidity
- Other

Please explain.

.....

12.3. Please specify which regulatory and non-regulatory measures have the strongest potential to stimulate the issuance of placed traditional securitisation.

.....

12.4. What are the main obstacles for cross-border securitisations (i.e. securitisations where the underlying exposures, or the entities involved in the securitisation, come from various EU Member States)?

.....

12.5. What measures could be taken to stimulate cross-border securitisation in the EU?

Please substantiate your answer for traditional and synthetic securitisation respectively.

.....

12.6. Securitisation activity is heavily concentrated in a few Member States – primarily Italy, France, Germany, Netherlands and Spain.

What are the main obstacles to increasing securitisation activity in other Member States?

What measures could make securitisation more attractive in those Member States?

.....

12.7. Does the EU securitisation framework impact the international competitiveness of EU issuers, sponsors and investors?

- Yes
- No
- No opinion

Please explain your answer and where possible elaborate on the difference in regulatory costs stemming from the prudential, due diligence and transparency requirements in non-EU jurisdictions, in comparison to the EU securitisation framework.

.....

12.8. How could securitisation for green transition financing be further improved?

What initiative could be taken in the industry or in the regulatory field?

.....

12.9. Are there any other relevant issues (outside of those addressed in the specific sections of the consultation paper above) that affect securitisation issuance and investments that you consider should be addressed?

- Yes
- No
- No opinion

.....

12.10. If you answered yes to question 12.9., please explain your answer.

.....