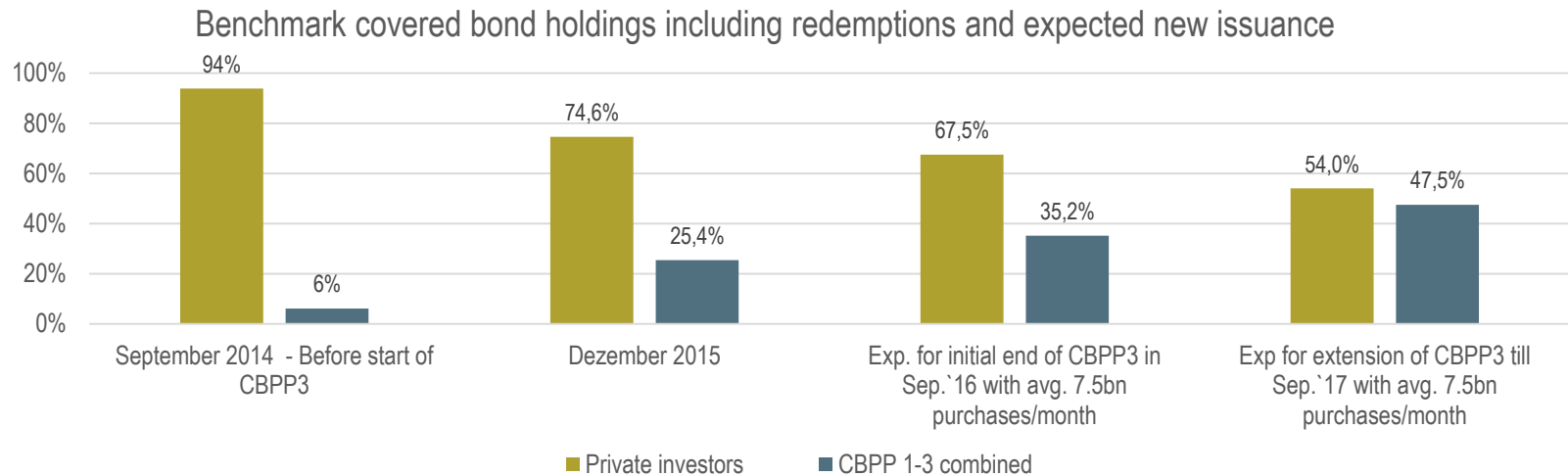


# Benefits and challenges of an integrated EU covered bond framework

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Brussel, February 2016

# MEAG highly supports an integrated EU Covered Bond regime

- Reduce high fragmentation of the EU covered bond market
- Support ongoing beneficial regulatory treatment
- Restore solid investor base and liquidity after CBPP3 distortion



Current avg. CBPP3 purchases/month: ca. EUR9.8bn. Exp. Issuance Jan`16 – Sep`16 EUR81bn. Exp. Issuance Jan`16 – Sep`17 EUR185bn. Source: Credit Agricole

- Strengthen the covered bond market for possible future crisis

# MEAG key points for more integration

- **Clear collateral concept**
  - Keep existing restrictions for eligible cover assets (real estate, public sector)
  - Refinancing of other asset classes should be supported by other market initiatives
- **High mandatory transparency standards**
  - ECBC Common Harmonised Transparency Template (HTT) as base
  - High quality aggregated data instead of loan by loan data
- **Best in class concept**
  - High standards over time instead of weak and swift consensus

# What to expect next?

- A more concrete proposal from the EU-Commission
- A framework for a technical implementation
- Higher European integration of the covered bond regimes need to result in a more harmonized, best in class and hence strong as well as liquid asset class. It's not about creating a new asset class.