The Secretariat
Basel Committee on Banking Supervision
Bank for International Settlements
Centralbahnplatz 2, CH-4002 Basel, Switzerland
Sent by email to: baselcommittee@bis.org

The Secretariat
International Organization of Securities Commissions
C/Oquendo 12, 28006 Madrid, Spain
Sent by email to: wgmr@iosco.org

15 March 2013

Dear Secretariats,

Second Consultative Document: "Margin Requirements For Non-Centrally-Cleared Derivatives"

1. The Global Financial Markets Association ("**GFMA**")[1] appreciates this opportunity to respond to the Basel Committee on Banking Supervision ("**BCBS**") and the International Organization of Securities Commissions ("**IOSCO**") with respect to the Second Consultative Document "Margin requirements for non-centrally-cleared derivatives" (the "**Consultation**") dated February 2013.

2. GFMA agrees with the Consultation's primary objectives, in particular the reduction of systemic risk, and supports the requirement that "over-the-counter" ("**OTC**") derivative trades be cleared to the extent possible and that any un-cleared OTC derivatives trades be subject to mandatory credit risk mitigation mechanics which effectively and efficiently improve the financial system's resilience in times of market stress or disruption.

3. However, GFMA submits that clarification is needed as to how certain principles set out in the Consultation should be interpreted in relation to swaps entered into in the context of securitisation transactions. As currently worded, the Consultation leaves

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[1] The Global Financial Markets Association (GFMA) brings together three of the world's leading financial trade associations to address the increasingly important global regulatory agenda and to promote coordinated advocacy efforts. The Association for Financial Markets in Europe (AFME) in London and Brussels, the Asia Securities Industry & Financial Markets Association (ASIFMA) in Hong Kong and the Securities Industry and Financial Markets Association (SIFMA) in New York and Washington are, respectively, the European, Asian and North American members of GFMA. For more information, visit **http://www.gfma.org**.

ample room for interpretation, which is likely to result in inconsistent implementation of the Consultation's principles by national legislators and regulators. In particular, GFMA is concerned that certain interpretations of the principles set out in the Consultation would cause great disruption to the securitisation market without achieving a proportionate reduction in systemic risk.

4. This letter sets out the clarifications GFMA seeks in order to ensure a consistent interpretation of the principles set out in the Consultation in relation to swaps entered into in the context of securitisation transactions.

5. GFMA should be grateful if BCBS and IOSCO included such clarifications in the final version of the Consultation.

THE FUNCTION OF THE SECURITISATION MARKET

6. Securitisation is an essential cogwheel of the financial markets and of great importance to the economy as a whole, as the technique permits banks to dispose of assets and free-up regulatory capital, enabling banks to arrange and extend new credit to businesses and consumers, thereby supporting growth in the real economy. In fact, senior members of global regulatory bodies, including, amongst others, the Financial Stability Board, the European Central Bank, the US Federal Reserve, the US Securities and Exchange Commission, the European Commission, the Bank of France, the G30, the Office of the Comptroller of the Currency, the Reserve Bank of India, the Reserve Bank of Australia, the China Securities Regulatory Commission and, of course, BCBS and IOSCO themselves, have been consistently and publicly commenting on the importance of the restoration of a sound global securitisation market to achieve financial stability and growth objectives (please refer to Annex 1 for a summary of such statements).

7. However, investors remain reluctant to return in large size and numbers to many sectors of the securitisation market. The private sector US residential mortgage securitisation market is virtually closed since the onset of the financial crisis. In 2012, US government-sponsored housing agencies issued securitisation bonds with an aggregate nominal value equivalent to approximately Euro 1.3tn, whereas non-government sponsored entities issued private sector securitisation bonds with an aggregate nominal value of a much smaller Euro 218bn equivalent. The situation is no better in Europe where high-quality securitisation issuance placed with third party investors was a fraction of pre-crisis levels: in 2012, securitisation bonds with an aggregate nominal value of only Euro 72bn were placed with third party investors while Euro 166bn were retained and used in repurchase transactions whereas during in each of 2006 and 2007, over EUR 400bn of high quality securitisation bonds were placed with third party

investors. The European CLO market has remained closed until relatively recently. In Asia securities with a nominal value of approximately Euro 71bn were issued. [2]

8. Investors note a variety of public signals from policymakers which strongly discourage investment even in high quality securitisation bonds. These include, amongst others, the exclusion of most securitisations from proposed bank liquidity buffer eligibility, punitive capital charges for European insurers under Solvency II for investments in securitisations and, of course, the proposed significant increase of the "risk weighted asset" weighting for securitisation bonds in the latest Basel accords.

9. The securitisation industry fully recognises that fundamental changes are required with respect to the securitisation of certain asset classes, certain securitisation structures (particularly US subprime securitisations, "CDO-squared" structures and structured investment vehicles), investor due diligence and appropriate regulatory supervision and enforcement action. The industry has consistently supported proposed reforms.

10. However, the securitisation industry thinks that global regulatory initiatives should be mindful of the function of the securitisation market in the financial system and its positive effects on the economy as a whole. The industry therefore welcomes recent regulatory initiatives which recognise that securitisation supports economic growth (please refer to Annex 4 setting out a letter from the European Commission to EIOPA, suggesting EIOPA should reconsider the capital charges for "real economy" funding vehicles, including securitisation vehicles).

11. Accordingly, it is important to ensure that no new regulatory initiatives unintentionally pose additional challenges to the recovery of the securitisation market. As currently worded, the proposals set out in the Consultation, which makes no express reference to securitisation transactions, might have such undesirable effects were these principles to apply to OTC derivatives entered into in the context of securitisation transactions.

12. Due to the variety of asset classes and transaction structures used by the securitisation market, OTC derivatives such as interest rate swaps, basis swaps and currency swaps are widely used to harmonise and smooth cash flows. In Europe, it is estimated that approximately 70% of all securitisations utilise one or more types of OTC derivatives. In Australia, the percentage is also very high.

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[2] In terms of volume outstanding, as of 31 December 2012, Euro 1.7tn of European securitisation bonds and Euro 6.5tn of US securitisation bonds (of which the vast majority, approximately Euro 4.3tn, where securitisation bonds issued by US government sponsored housing agencies) were outstanding. Please refer to Annex 2 for further information on issuances of European and US securitisation bonds and Annex 3 for further information on the credit and price performance of European securitisations.

13. Given this widespread use of derivatives in securitisation transactions, it should be carefully considered how to apply the principles of the Consultation to securitisation transactions. For the reasons set out in this letter, GFMA and its members are of the view that securitisation vehicles should not be required to post margin with respect to OTC derivative transactions relating to securitisation transactions. Such a requirement would not help achieving the Consultation's regulatory and prudential objectives and would create challenges to and delay a recovery of the securitisation market, thereby negatively impacting growth of the real economy.

COMMENTS ON THE STUDY

Why securitisation vehicles should not qualify as "covered entities" for the purpose of the Consultation

14. Pursuant to the Consultation, margin must be exchanged with respect to all un-cleared OTC derivative transactions between two "covered entities" whereas no margin is required to be exchanged with respect to un-cleared OTC derivative transactions between a "covered entity" and an entity which is not a "covered entity" or between two entities which are not "covered entities".

15. "Covered entities" are defined as "financial firms" and "systemically important non-financial entities". Consequently, entities that are (a) not "financial firms"; and (b) not "systemically important", should not be subject to the principles set out in the Consultation. The terms "financial firms" and "systemically important non-financial entities" do not have a defined meaning in the Consultation as BCBCS/IOSCO have delegated the final and detailed determination of such meaning to national legislators and regulators.

16. The natural meaning of the terms "financial firm" and "systemically important non-financial entities" gives national legislators and regulators an indication how to categorise businesses such as financial institutions, commercial and industrial enterprises. However, the terminology gives no clear indication how to correctly categorise securitisation vehicles. GFMA is therefore concerned that securitisation vehicles could be variously categorised in different jurisdictions as "financial firms", "systemically-important non-financial entities" or "non systemically important non-financial entities", resulting in an inconsistent application of the Consultation's principles, an uneven playing field for market participants and scope for regulatory arbitrage.

17. The spirit of the principles set out in the Consultation and its primary objective, the reduction of systemic risk by ensuring that sufficient collateral is provided to mitigate the risk of swap counterparty default, suggests that securitisation vehicles are intended

to, and should, fall outside the scope of the Consultation altogether. Clarity of this overriding principle would be welcomed.

18. Securitisation vehicles differ from both financial institutions and industrial or commercial enterprises in several respects which are material to the objectives of the Consultation. Securitisations are not dynamic "businesses" with a great variety of constantly changing cash-flows, clients, assets and liabilities. Securitisation vehicles own only assets which are the subject matter of the securitisation and all cash-flows, whether positive or negative, are agreed at the outset between the parties to the securitisation.

19. In securitisation transactions, the risk of default by the parties to the related OTC derivative transactions is already effectively mitigated by long established market practice. Securitisation vehicles are bankruptcy remote entities, with a fixed and pre-determined number of debtors and creditors, assets and liabilities. Swap counterparties entering into OTC derivatives with securitisation vehicles customarily benefit from a security interest (or other credit protection created by statute or by contract) over all assets of the securitisation vehicle. Furthermore, several other contractual provisions customarily contained in securitisation transactions mitigate credit risk, such as the limited recourse nature of the securitisation vehicle's obligations and the matching of the securitisation vehicle's assets and liabilities. In order to protect securitisation vehicles from the default of their swap counterparties, the criteria of the leading credit rating agencies require all swap counterparties (other than the most highly rated institutions) to post collateral to fully cover the securitisation vehicle's current exposure under the OTC derivative transaction plus an additional amount to cover volatility.

20. Given that the credit risk arising in connection with securitisation swaps is already effectively mitigated by existing market practice, GFMA believes that an additional requirement for securitisation vehicles to post margin to their swap counterparties would not achieve any further reduction in systemic credit risk.

21. Furthermore, GFMA submits that requiring securitisation vehicles to post margin to its swap counterparties would create serious and possibly insurmountable challenges for the securitisation market: current securitisation structures do not envisage the posting of margin by the vehicle and therefore vehicles do not have any high quality collateral available to post as margin. The introduction of such a requirement would force market participants to develop entirely new transaction structures and market practices. The development of such structures would take time, increase transaction and execution costs and likely result in subdued securitisation activity until such new structures are sufficiently tested and accepted by the market, resulting in reduced availability of credit to support the real economy.

22. GFMA submits that the exemption for OTC derivative transactions with affiliates, discussed in Element 6 of the Consultation, is insufficient to avoid the disruptive effect described in the preceding paragraph. Whereas in the past it was indeed common for financial institutions to act as swap counterparties to securitisation vehicles forming part of the same group, today many financial institutions (e.g. institutions active in the Eurozone's periphery) no longer have the rating required by the rating agencies in order to enter into a derivative transaction with a securitisation vehicle. As a consequence, securitisation vehicles now very frequently enter into derivative transactions with swap counterparties which are not members of the same group of companies.

23. In consideration of the above, GFMA believes that, without a specific clarification of the manner in which national legislators and regulators should interpret the principles set out in the Consultation in relation to securitisations, there is a very serious risk that national legislators and regulators will categorise securitisations in an inconsistent manner, defeating the aspiration for an internationally consistent application of the principles set out in the Consultation.

24. <u>GFMA urges BCBS and IOSCO to word the final version of the Consultation so as to clarify that securitisation vehicles do not qualify as "covered entities" for the purposes of this Consultation and therefore are not required to post margin under any circumstances. For this purpose, GFMA suggests defining "securitisation vehicles" by cross-referring to paragraphs 539 and 540 of the current Basel accord.</u>

Use as collateral

25. GFMA notes that pursuant to section 4.1 of the Consultation, only high quality government and central bank securities, high quality corporate bonds, high quality covered bonds, equities and gold are included in the proposed list of eligible collateral, but not securitisation bonds.

26. GFMA welcomes the statement that "*the illustrative list above should not be viewed as being exhaustive*" and strongly recommends that high quality securitisation bonds be added to this list. Many securitisation bonds experience high trading volumes. In fact, many securitisation bonds are more liquid than some of the other asset classes included in the list of eligible collateral.

27. The industry therefore recommends that further analysis be carried out by BCBS and IOSCO on the categories of assets to include in the list of eligible collateral.

* * *

Thank you for providing us the opportunity to comment on the Consultation. We note that GFMA has also sent separate letters to BCBS and IOSCO regarding the FX market implications of the proposed regulations, and that SIFMA is sending a letter on the detailed implications to financial institutions. We hope that the comments and suggestions set out in this letter are of assistance to BCBCS/IOSCO. Please do not hesitate to contact us should you have any queries.

Sincerely,

Vickie Alvo
Executive Director
GFMA

Annex 1 – List of Public Quotes from Global Regulators in Support of Securitisation

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Quoting G30 report on Long-Term Finance and Growth, in European Voice, 7 March 2013, http://www.europeanvoice.com/article/imported/coming-in-from-the-shadows/76601.aspx

The G30 report "Long Term Finance and Economic Growth" stated "Expanding Europe's corporate bond and securitisation markets to the same level of those in the United States could free-up more than $300bn in Tier 1 capital for European banks,"

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Michel Barnier, Member of the European Commission, 21 February 2013

http://europa.eu/rapid/press-release_SPEECH-13-150_fr.htm?locale=en

"*We must also ask ourselves how to give a second wind to the securitisation market so as to improve the maturity transformations by the financial system*". ("*Et nous devons aussi nous demander comment donner un nouveau souffle au marché de la titrisation de manière à améliorer la transformation d'échéances par le système financier*").

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Speech by **Peter Praet, Member of the Executive Board of the ECB**, at the 8th annual European Market Liquidity Conference of the Association of Financial Markets in Europe. London, 13 February 2013

http://www.afme.eu/WorkArea/DownloadAsset.aspx?id=7840

"*One market segment that suffered considerably during the financial crisis was the market for asset backed securities (ABS), the revival of which I consider essential for the provision of finance to the corporate sector.*

Given the restricted funding sources and elevated bank funding needs, a trend towards more disintermediation from larger corporate issuers has been observed in recent years, and this trend will most likely continue.

By contrast, small and medium sized enterprises (SMEs) are more dependent on their respective domestic banking sectors and are subject to tighter credit conditions than larger firms that have greater access to global financial markets. The question arises as to how these restrictions could *be overcome. A reopening of the ABS market may be one way of enhancing funding conditions for SMEs.*

It will therefore be essential to better understand the factors that still constrain the recovery in this market and why investors are shying away, despite proven good performance and very few defaults on European ABSs."

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Interview with **Mr Christian Noyer, Governor of the Bank of France and Chairman of the Board of Directors of the Bank for International Settlements,** in Euroweek "France in the Capital Markets", 25 February 2013.

http://www.bis.org/review/r130305e.pdf

"*Possibly in the future there may be a relative decline in the importance of bank lending, because we have worked a lot on developing simple and transparent alternative financing instruments such as securitisation.*

These may attract more attention from institutional investors and would therefore be a way of providing more credit to the economy without putting as much pressure as there may have been in the past on the balance sheets of the banks. This will be positive as long as we can avoid the defaults we saw at the beginning of the crisis, which were created by vehicles that were opaque and complex and impossible for investors to understand."

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Speech by Mr GUO Shuqing, Chairman of the CSRC, at the "Caijing Annual Conference 2012" on "Striving to Build World-class Investment Banks with Chinese Characteristics", 17 December 2012.

http://202.106.183.101/pub/csrc_en/Informations/phgall/201208/t20120815_213803.htm

"*China's securities industry is currently in the face of the best ever opportunities for development. As pointed out in the 12th Five-year Plan outlines, China will accelerate the development of a multilevel financial market and in particular, "vigorously develop bond market, continue to encourage financial innovation and significantly increase the share of direct financing", "accelerate the development of an OTC market" , "proactively develop bond market" and "steadily drive forward asset securitization". These efforts are essential to China's industry restructuring and transformation of growth pattern. It is fair to say that China's capital markets are embracing the best ever historic period of opportunities.*"

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IOSCO, Final Report on "Global Developments in Securitisation Regulation", November 2012

"*IOSCO believes that securitisation markets can play a role in supporting economic growth … Securitisation markets potentially [make] bank lending less sensitive to abrupt changes to the cost of funds, ultimately affecting the availability of finance to economic growth. For that reason, access to these funding sources may be important to those economies experiencing slow growth.*"

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Vince Cable, UK Business Secretary, Interview with the Daily Telegraph, 9th November 2012

http://www.telegraph.co.uk/finance/yourbusiness/9665436/Vince-Cable-Bundle-up-SME-debt-to-boost-lending.html

"*A new version of securitisation does have a future. Various attempts have been made to relaunch it since the financial crisis and none have quite worked. But it's one of the ways to get money into small businesses and we've got to try everything because there is a serious problem of supply of finance, not just demand.*"

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Speech by **Guy Debelle, Assistant Governor (Financial Markets) of the Reserve Bank of Australia**, Address to Australian Securitisation Forum at Sydney, 22 October 2012.

http://www.rba.gov.au/speeches/2012/sp-ag-221012.html

"*There is an increasing demand for more transparency in securitisation from both investors and regulators alike. One objective for improving transparency is to ensure that investors, other market participants and regulators all have access to relevant and reliable information in order to monitor risk. Another aim is to improve document standardisation, which can help to stimulate liquidity in securitisation markets.*"

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IOSCO, Global Developments in Securitization Regulation Consultation Report, June 2012, p. 4

"*From a European perspective, there is a view that securitization is a viable alternative source of funding for the banking sector at a time when it needs funding diversification. Good functioning of, and access to, securitization as a funding alternative would, in turn, support recovery in the real economy*."

"*There is concern among issuers, in particular, that securitization continues to be stigmatised by sub-prime crisis events.*"

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Global ABS Conference, Brussels, 14 June 2012: The importance of the ABS market in the implementation of monetary policy in the euro area, **Evangelos Tabakis Head of Financial Markets and Collateral Section, European Central Bank**

http://www.afme.eu/uploadedFiles/6_Conferences_and_Events/ABS%20Global%20Conference_%2014%2006%202012_Brussels_Tabakis.pdf

"*The lack of a full scale recovery of the securitization activity is unfortunate. In many ways, securitisation has an important role to play in financial markets. First, subject to a market based on a sound footing, it is a welfare improving activity since it is able to distribute risks in the financial system but also to transform illiquid products such as single mortgage loans or single SME loans into a liquid product. In this way, both originators of securitization transactions and investors in them could diversify their respective portfolios in terms of risk and return…..*

…Indeed, the importance of the three segments for banks' longer-term debt financing (unsecured debt, covered bonds and ABSs) can hardly be overstated. First, they contribute to an efficient risk allocation and diversification, leading to lower costs of capital, higher economic growth and a healthy risk taking. Second, they tend to make lending decisions by financial institutions less dependent on business cycle conditions. Third, deep and stable funding markets make debtors less exposed to re-financing or liquidity risk, which increases banks' resilience and helps contain systemic risk.

….I would like to emphasise here however the unique nature of securitization as a funding tool. This is based on its extreme versatility regarding the underlying asset basis and, therefore, the underlying economic sector that it is funding. In that sense ABSs are uniquely shaped to provide targeted funding to a variety of economic activities and the corresponding choice to the investor on his distribution of risk exposure."

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Announcement by **Deepak Singhal, Chief General Manager-in-Charge of the Reserve Bank of India,** on "Revisions to the Guidelines on Securitisation Transactions", 07 May 2012

http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=7184&Mode=0

"*With a view to developing an orderly and healthy securitisation market and ensuring greater alignment of the interests of the originators and the investors, it was considered necessary to* *prescribe a minimum lock-in-period and minimum retention criteria for securitised loans originated and purchased by banks and NBFCs.*"

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Remarks by **John Walsh, Acting Comptroller of the Currency**, January 24, 2012

Source: http://www.occ.gov/news-issuances/speeches/2012/pub-speech-2012-11.pdf

"*Whether in mortgages, credit cards, auto finance, or student loans, meeting the needs of American consumers depends heavily on securitization. It is hard to imagine full recovery of the financial system without the liquidity and funding avenues provided by a well functioning securitization market. Certainly, it is hard to foresee a strong recovery for the housing industry without securitization.*"

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Emil Paulis, European Commission, speaking at AFME's Funding Conference in Madrid, November 2011

"*I would like to reaffirm that for the Commission securitisation is considered as an efficient mechanism to increase the credit availability and lower the cost of credit in line with the G20's November 2010 report that noted that "re-establishing securitisation on a sound basis remains a priority in order to support provision of credit to the real economy and improve banks' access to funding in many jurisdictions." Furthermore, there is no question that it is in the private and public sector interest to reactivate securitisation markets*."

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Financial Stability Board, Shadow Banking: Strengthening Oversight and Regulation, 27 October 2011, p. 21

"*Securitisation is a useful funding technique for financial institutions, and an efficient means to diversify risk.*"

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Scott G. Alvarez, General Counsel Risk Retention, Before the Subcommittee on Capital Markets and Government Sponsored Enterprises, Committee on Financial Services, U.S. House of Representatives, Washington, D.C., April 14, 2011

Source: http://www.federalreserve.gov/newsevents/testimony/alvarez20110414a.htm

"*Securitization can reduce the costs of lending because it creates investment products with different maturity and credit risk profiles from a single pool of assets that can appeal to a broad* *range of investors. In addition, securitization allows for more efficient management of maturity mismatches.*"

"*Securitization can also promote financial stability by allowing depository institutions and other lenders a means to reduce concentrations in credit risk to certain types of loans and borrowers on their balance sheets.*"

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Governor Elizabeth A. Duke, At the AICPA National Conference on Banks and Savings Institutions, Washington, D.C., September 14, 2009

Source: http://www.federalreserve.gov/newsevents/speech/duke20090914a.htm

"*I fully understand the integral role that financial institutions play in the overall performance of our economy. Equally important are the roles played by those that trade and those that lend and by the securitization markets.*"

"Our financial system has become dependent upon securitization as an important intermediation tool."

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Governor Randall S. Kroszner, At the Federal Reserve System Conference on Housing and Mortgage Markets, Washington, D.C., December 4, 2008

Source: http://www.federalreserve.gov/newsevents/speech/kroszner20081204a.htm

"*I believe that mortgage securitization has the potential to deliver economic value to investors, lenders, and, ultimately, borrowers.*"

"*[M]ortgage securitizations make good economic sense: By providing access to the broad capital market, securitization allows loan originators to access a wider source of funding than they can obtain directly. In addition, securitization can limit an originator's exposure to prepayment risks associated with interest rate movements, to geographic concentrations of loans, and to credit and funding risks associated with holding mortgages all the way to maturity. Effectively, securitization can significantly lower the cost of extending home loans, and some of those cost savings can be passed along to homeowners in the form of lower mortgage rates.*"

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Chairman Ben S. Bernanke, At the UC Berkeley/UCLA Symposium: The Mortgage Meltdown, the Economy, and Public Policy, Berkeley, California, October 31, 2008

Source: http://www.federalreserve.gov/newsevents/speech/bernanke20081031a.htm

"*The ability of financial intermediaries to sell the mortgages they originate into the broader capital market by means of the securitization process serves two important purposes: First, it provides originators much wider sources of funding than they could obtain through conventional sources, such as retail deposits; second, it substantially reduces the originator's exposure to interest rate, credit, prepayment, and other risks associated with holding mortgages to maturity, thereby reducing the overall costs of providing mortgage credit.*"

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Speech by Mr ZHOU Xiaochuan, Governor of the People's Bank of China, at the "Global Management Forum" organized by Qing Hua University at Beijing, 30 October 2007.

http://www.bis.org/review/r071213a.pdf

"*To develop financial market and support economic growth, resolute efforts need to be made to develop direct financing and related securitization. It is almost impossible to avoid securitization in the contemporary development.*"]

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Chairman Christopher Cox, U.S. Securities and Exchange Commission, Grand Hyatt Hotel, New York, New York, June 7, 2006

Source: http://www.sec.gov/news/speech/2006/spch060706cc.htm

"*The increased liquidity that securitization brings means lower credit costs - and that's good for everyone.*"

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Speech by **Mr Ng Nam Sin, Executive Director, Financial Centre Development Department of Monetary Authority of Singapore**, Securitisation World Asia 2004 Conference Opening Remarks, 19 October 2004

http://www.mas.gov.sg/news-and-publications/monetary-policy-statements-and-speeches/2004/securitisation-world-asia-2004-conference.aspx

"*In Asia, securitisation is now considered an essential fixed-income product offering that provides for a very versatile funding technique. We see Asia's debt markets continue to be transformed by such innovative products for raising capital, alternative risk transfer and the creation of customized investment opportunities.*

Asset securitisation deals that have come to our market include those backed by credit card receivables, loans, real estate and progressive payments from yet to be completed properties. Just a few months ago in August, Singapore saw its first fully managed Singapore dollar-denominated synthetic CDO.
We are pleased to note that industry players now recognise Singapore as an important hub for derivative products in Asia. We will continue to encourage the development of the securitisation market in Singapore by ensuring a tax friendly environment here. In fact, we are looking at announcing the details of a concessionary tax treatment on onshore Special Purpose Vehicles engaged in such transactions. With this, industry players would be able to achieve tax neutrality for securitisation vehicles here."

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Remarks by **Governor Susan M. Phillips**, At the Atlanta Society of Financial Analysis, Atlanta, Georgia, February 14, 1997

Source: http://www.federalreserve.gov/boarddocs/speeches/1997/19970214.htm

"*If I had to nominate any one innovation as having had the greatest impact on the business of banking it would be the advent of securitization.*"

Annex 2 – AFME European Data Quarterly, September 2012, which includes global ABS statistics
http://www.afme.eu/WorkArea/DownloadAsset.aspx?id=7710

Annex 3 – Link to AFME report on the "Economic Benefits of High Quality Securitisation", November 2012

http://afme.eu/WorkArea/DownloadAsset.aspx?id=7307

Annex 4 – Letter from European Commission to EIOPA regarding securitisation capital charges

http://ec.europa.eu/internal_market/insurance/docs/solvency/20120926-letter-faull_en.pdf